b. Maximum Amount during Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Protected Cell Accounts
1. Debt			
2. Funding Agreements			
3. Other			
4. Aggregate Total (Lines 1+2+3)			

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3, respectively)

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	
2. Funding Agreements	
3. Other	

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

The disclosures required for this Note shall be aggregated for all of a reporting entity's defined benefit pension plans and for all of a reporting entity's other defined benefit postretirement plans unless disaggregating in groups is considered to provide useful information or is otherwise required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* or *SSAP No. 102—Pensions*. Disclosures shall be as of the date of each statement of financial position presented. Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, a reporting entity shall disclose:

- The aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets as of the measurement date of each statement of financial position presented.
- The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets.

Refer to *SSAP No. 11—Postemployment Benefits and Compensated Absences*; *SSAP No. 92—Postretirement Benefits Other Than Pensions*; and *SSAP No. 102—Pensions*.

Instruction:

A. Defined Benefit Plan

Disclose the following regarding a reporting entity sponsoring a Defined Benefit Plan for which the reporting entity is directly liable (i.e., the plan resides directly in the reporting entity):

(1) A reconciliation of beginning and ending balances of the benefit obligation for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

- Beginning balance
- Service cost
- Interest cost
- Contributions by plan participants
- Actuarial gains and losses
- Foreign currency exchange rate changes
- Benefits paid
- Plan amendments
- Business combinations, divestitures, curtailments, settlements, and special termination benefits
- Ending balance

(2) A reconciliation of beginning and ending balances of the fair value of plan assets for pension benefits, postretirement benefits and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

a. Fair value of plan assets at beginning of year
b. Actual return on plan assets
c. Foreign currency exchange rate changes
d. Contributions by the reporting entity
e. Contributions by plan participants
f. Benefits paid
g. Business combinations, divestitures, and settlements
h. Fair value of plan assets at end of year

(3) The funded status of the plans, the amounts recognized in the statement of financial position, showing separately the assets (nonadmitted) and liabilities recognized.

(4) The amount of net periodic benefit cost recognized for pension benefits, postretirement benefits, and special or contractual termination benefits, showing separately each of the below. For special or contractual termination benefits, see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.

a. Service cost

b. Interest cost

c. Expected return on plan assets for the period

d. Transition asset or obligation

e. Gains and losses

f. Prior service cost or credit

g. Gain or loss recognized due to a settlement or curtailment

h. Total net periodic benefit cost

(5) Separately the net gain or loss and net prior service cost or credit recognized in unassigned funds (surplus) for the period and reclassification adjustments of unassigned funds (surplus) for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.

(6) The amounts in unassigned funds (surplus) expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

(7) The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

(8) On a weighted-average basis, the following assumptions used in accounting for the plans:

- Assumed discount rate.
- Rate of compensation increase (for pay-related plans).
- Expected long-term rate of return on plan assets.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans.

(10) For postretirement benefits other than pensions, the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.

(11) For postretirement benefits other than pensions, the effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on: (1) the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost; and (2) the accumulated postretirement benefit obligation for health care benefits. (For purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting.)

(12) The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits should be estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.

(13) The reporting entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.

(14) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the reporting entity or related parties, and any significant transactions between the reporting entity or related parties and the plan during the period.

(15) If applicable, any alternative method used to amortize prior service amounts or net gains and losses.

(16) If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

(17) If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.

(18) An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions*.

(19) The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.

(20) Reporting entities are required to disclose the accumulated postretirement and pension benefit obligation and the fair value of plan assets for defined postretirement and pension benefit plans in the first reporting period after the effective date of this standard and in each subsequent reporting period. This disclosure shall specifically note the funded/underfunded status of the postretirement benefit plan. Reporting entities shall also specifically note the surplus impact necessary, at each reporting date, to reflect the full benefit obligation within the financial statements.

(21) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* must disclose the full transition surplus impact calculated from applying guidance in the first quarter statutory financial statements after the transition date and each reporting period thereafter. This disclosure shall include the initial "transition liability" calculated under guidance and the annual amortization amount of the "unrecognized items" into net periodic benefit cost. This disclosure shall include a schedule of the entity's anticipated recognition of the remaining surplus impact over the transition period.

See *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* for details of the transition guidance.

Information about plan assets:

The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies.
- The classes of plan assets.
- The inputs and valuation techniques used to measure the fair value of plan assets.
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period.
- Significant concentrations of risk within plan assets.

A reporting entity shall consider those overall objectives in providing the following information about plan assets.

B. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to "C" below, as of the latest statement of financial position presented (on a weighted-average basis for reporting entities with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in "C" below, a description of the significant investment strategies of those funds shall be provided.

C. The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in a reporting entity's plan(s).

Examples of classes of assets include, but are not limited to, the following:

- Cash and cash equivalents;
- Equity securities (segregated by industry type, company size, or investment objective);
- Debt securities, issued by national, state, and local governments;
- Corporate debt securities;
- Asset-backed securities;
- Structured debt;
- Derivatives on a gross basis (segregated by type of underlying risk in the contract, for example):
  - ❖ Interest rate contracts
  - ❖ Foreign exchange contracts
  - ❖ Equity contracts
  - ❖ Commodity contracts
  - ❖ Credit contracts
  - ❖ Other contracts
- Investment funds (segregated by type of fund);
- Real estate.

These examples are not meant to be all inclusive. A reporting entity should consider the overall objectives in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.

The disclosure should include information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date. For fair value measurements using significant unobservable inputs, a reporting entity shall disclose the effect of the measurements on changes in plan assets for the period. To meet those objectives, the reporting entity shall disclose the following information for each class of plan assets disclosed above for each annual period:

(1) The level within the fair value hierarchy in which the fair value measurements falls in their entirety, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

NOTE: In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls in its entirety shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

(2) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period.

D. A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in "C" above, as appropriate.

E. Defined Contribution Plans

A reporting entity shall disclose the amount of cost recognized for defined contribution pension and other defined contribution postretirement benefit plans for all periods presented separately from the amount of cost recognized for defined benefit plans. The disclosures shall include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of reporting entity contributions, a business combination, or a divestiture.

F. Multiemployer Plans

Disclose the amount of reporting entity contributions to multiemployer plans for each annual period for which a statement of income is presented. A reporting entity may disclose total contributions to the multiemployer plan without desegregating the amounts attributable to pensions and other postretirement benefits. Disclose a description of the nature and effect of any changes affecting comparability, such as a change in the rate of reporting entity contributions, a business combination, or a divestiture. Disclose whether the contributions represent more than 5 percent of total contributions to the plan as indicated in the plan's most recently available annual report.

In addition to the requirements of paragraph above, the following information shall be disclosed:

- Whether a funding improvement plan or rehabilitation plan has been implemented or is pending.
- Whether the reporting entity paid a surcharge to the plan.
- A description of minimum contributions required for future periods, if applicable.
- A qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer.

G. Consolidated/Holding Company Plans

A reporting entity shall disclose that its employees participate in a plan sponsored by the parent company or holding company for which the reporting entity has no legal obligation for benefits under the plan. The amount of pension, postretirement other than pension, postemployment and compensated absence expense incurred and the allocation methodology utilized by the provider of such benefits shall also be disclosed.

H. Postemployment Benefits and Compensated Absences

If an obligation for postemployment benefits or compensated absences is not accrued in accordance with *SSAP No. 11—Postemployment Benefits and Compensated Absences* because the amount cannot be reasonably estimated, that fact and the reasons thereof shall be disclosed.

The nature and effect of significant nonroutine events, such as amendments, combinations, divestures, curtailments and settlements.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Until an employer is able to determine whether benefits provided by its plan are actuarially equivalent, it shall disclose the following in financial statements for interim or annual periods:

a. The existence of the Act.

b. The fact that measures of the APBO or net periodic postretirement benefit cost do not reflect any amount associated with the subsidy because the employer is unable to conclude whether the benefits provided by the plan are actuarially equivalent to Medicare Part D under the Act.

(2) In the interim and annual financial statements for the first period in which an employer includes the effects of the subsidy in measuring the net postretirement benefit cost, it shall disclose the following:

a. The reduction in the net postretirement benefit cost for the subsidy related to benefits attributed to former employees.

b. The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period. That effect includes (1) any amortization of the actuarial experience gain in "a." above as a component of the net amortization called for by *SSAP No. 92—Postretirement Benefits Other Than Pensions*, (2) the reduction in current period service cost due to the subsidy, and (3) the resulting reduction in interest cost on the net postretirement benefit cost as a result of the subsidy.

c. Any other disclosures required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* which requires disclosure of "An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by this statement."

(3) An employer shall disclose gross benefit payments (paid and expected, respectively), including prescription drug benefits, and separately the gross amount of the subsidy receipts (received and expected, respectively).

<u>Illustration:</u>

A. Defined Benefit Plan

The Company sponsors non-contributory defined benefit pension plans covering U.S. employees. As of December 31, 20___, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 20___ and 20___:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Change in benefit obligation

a. Pension Benefits

		Overfunded		Underfunded	
		20__	20__	20__	20__
1.	Benefit obligation at beginning of year	$	$	$	$
2.	Service cost	$	$	$	$
3.	Interest cost	$	$	$	$
4.	Contribution by plan participants	$	$	$	$
5.	Actuarial gain (loss)	$	$	$	$
6.	Foreign currency exchange rate changes	$	$	$	$
7.	Benefits paid	$	$	$	$
8.	Plan amendments	$	$	$	$
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10.	Benefit obligation at end of year	$	$	$	$

b. Postretirement Benefits

		Overfunded		Underfunded	
		20__	20__	20__	20__
1.	Benefit obligation at beginning of year	$	$	$	$
2.	Service cost	$	$	$	$
3.	Interest cost	$	$	$	$
4.	Contribution by plan participants	$	$	$	$
5.	Actuarial gain (loss)	$	$	$	$
6.	Foreign currency exchange rate changes	$	$	$	$
7.	Benefits paid	$	$	$	$
8.	Plan amendments	$	$	$	$
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10.	Benefit obligation at end of year	$	$	$	$

c. Special or Contractual Benefits Per SSAP No. 11

		Overfunded		Underfunded	
		20__	20__	20__	20__
1.	Benefit obligation at beginning of year	$	$	$	$
2.	Service cost	$	$	$	$
3.	Interest cost	$	$	$	$
4.	Contribution by plan participants	$	$	$	$
5.	Actuarial gain (loss)	$	$	$	$
6.	Foreign currency exchange rate changes	$	$	$	$
7.	Benefits paid	$	$	$	$
8.	Plan amendments	$	$	$	$
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	$	$	$	$
10.	Benefit obligation at end of year	$	$	$	$

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(2) Change in plan assets

		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		20__	20__	20__	20__	20__	20__
a.	Fair value of plan assets at beginning of year	$	$	$	$	$	$
b.	Actual return on plan assets	$	$	$	$	$	$
c.	Foreign currency exchange rate changes	$	$	$	$	$	$
d.	Reporting entity contribution	$	$	$	$	$	$
e.	Plan participants' contributions	$	$	$	$	$	$
f.	Benefits paid	$	$	$	$	$	$
g.	Business combinations, divestitures and settlements	$	$	$	$	$	$
h.	Fair value of plan assets at end of year	$	$	$	$	$	$

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(3) Funded status

			Pension Benefits		Postretirement Benefits	
			20__	20__	20__	20__
a.	Components:					
	1.	Prepaid benefit costs	$	$	$	$
	2.	Overfunded plan assets	$	$	$	$
	3.	Accrued benefit costs	$	$	$	$
	4.	Liability for pension benefits	$	$	$	$
b.	Assets and liabilities recognized					
	1.	Assets (nonadmitted)	$	$	$	$
	2.	Liabilities recognized	$	$	$	$
c.	Unrecognized liabilities		$	$	$	$

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(4) Components of net periodic benefit cost

		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		20__	20__	20__	20__	20__	20__
a.	Service cost	$	$	$	$	$	$
b.	Interest cost	$	$	$	$	$	$
c.	Expected return on plan assets	$	$	$	$	$	$
d.	Transition asset or obligation	$	$	$	$	$	$
e.	Gains and losses	$	$	$	$	$	$
f.	Prior service cost or credit	$	$	$	$	$	$
g.	Gain or loss recognized due to a settlement or curtailment	$	$	$	$	$	$
h.	Total net periodic benefit cost	$	$	$	$	$	$

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(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Items not yet recognized as a component of net periodic cost – prior year	$	$	$	$
b. Net transition asset or obligation recognized	$	$	$	$
c. Net prior service cost or credit arising during the period	$	$	$	$
d. Net prior service cost or credit recognized	$	$	$	$
e. Net gain and loss arising during the period	$	$	$	$
f. Net gain and loss recognized	$	$	$	$
g. Items not yet recognized as a component of net periodic cost – current year	$	$	$	$

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(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	$	$	$	$
b. Net prior service cost or credit	$	$	$	$
c. Net recognized gains and losses	$	$	$	$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	$	$	$	$
b. Net prior service cost or credit	$	$	$	$
c. Net recognized gains and losses	$	$	$	$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION. FOR EXAMPLE, ADDITIONAL INFORMATION MAY BE NECESSARY FOR MULTIPLE PLANS AGGREGATED IN THE DISCLOSURE.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

		20__	20__
a.	Weighted-average discount rate	______	______
b.	Expected long-term rate of return on plan assets	______	______
c.	Rate of compensation increase	______	______

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

		20__	20__
d.	Weighted-average discount rate	______	______
e.	Rate of compensation increase	______	______

For measurement purposes, a ___ percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 20__. The rate was assumed to decrease gradually to ___ percent for 20__ and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was $ _______ for the current year and $ _______ for the prior year.

(10) The company has multiple non-pension postretirement benefit plans. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory. The accounting for the health care plans anticipates future cost-sharing changes to the written plan that are consistent with the company's expressed intent to increase retiree contributions each year by ___ percent of the excess of the expected general inflation rate over ___ percent. On December 31, 20__, the company amended its postretirement health care plans to provide long-term care coverage.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

		1 Percentage Point Increase	1 Percentage Point Decrease
a.	Effect on total of service and interest cost components	$ ________________	$ ________________
b.	Effect on postretirement benefit obligation	$ ________________	$ ________________

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(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

	Year(s)	Amount
a.	20__	$ ________________
b.	20__	$ ________________
c.	20__	$ ________________
d.	20__	$ ________________
e.	20__	$ ________________
f.	20__ through 20__	$ ________________

(13) The Company does not have any regulatory contribution requirements for 20__; however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of $245 million in 20__.

(20) See implementation guide for SSAP No. 102—Pensions for examples of disclosure.

(21) See implementation guide for SSAP No. 102—Pensions for examples of disclosure.

C.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
....	$	$	$	$ ....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
Total Plan Assets	$ ________	$ ________	$ ________	$ ________

NOTE: See the instructions for this illustration for examples of descriptions of plan assets.

E. Defined Contribution Plan

Insurance company employees are covered by a qualified defined contribution pension plan sponsored by the insurance company.

Contributions of ______ percent of each employee's compensation are made each year. The Company's contribution for the plan was $_________ million and $_________ million for 20__ and 20__, respectively. At December 31, 20__, the fair value of plan assets was $_________ million.

F. Multiemployer Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by ABC Union. In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by ABC Union. The Company's share of net expense for the qualified pension plan was $__________ million and $__________ million for 20__ and 20__, respectively and for other postretirement benefit plans was $__________ million and $__________ million for 20__ and 20__, respectively. Beginning January 1, 20__, the Company's other postretirement benefit plans were amended to restrict benefit eligibility to retirees and certain retiree-eligible employees. Previously covered employees could become eligible for postretirement benefits if they reached retirement age while working for the Company. The Company's contributions to the pension plan and postretirement benefit plans was less than 5 percent of each plan's assets. There are no funding improvement or rehabilitation plans implemented or pending for any of the pension and postretirement benefit plans the Company participates in. The Company did not pay any surcharges during the reporting period ended December 31, 20___. The Company is not responsible for the underfunded status of the plan because the plan operates in a jurisdiction that does not require withdrawing participants to pay a withdrawal liability or other penalty. The collective-bargaining agreement requires contributions on the basis of hours worked. The agreement also has a minimum contribution requirement of $1,000,000 each year.

G. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by XYZ Holding Company, an affiliate. In addition, the Company provides certain other postretirement benefits to retired employees through a plan sponsored by XYZ Holding Company. The Company has no legal obligation for benefits under these plans. XYZ Holding Company allocates amounts to the Company based on salary ratios. The Company's share of net expense for the qualified pension plan was $__________ million and $__________ million for 20__ and 20__, respectively and for other postretirement benefit plans was $__________ million and $__________ million for 20__ and 20__, respectively. Beginning January 1, 20__, the Company's other postretirement benefit plans were amended to restrict benefit eligibility to retirees and certain retiree-eligible employees. Previously, covered employees could become eligible for postretirement benefits if they reached retirement age while working for the Company.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Recognition of the existence of the Act

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between $250 and $5,000), which is not taxable, to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The Company is unable to conclude whether the benefits provided by the Plan are actuarially equivalent to Medicare Part D under the Act. As a result, the effects of the Act on accumulated postretirement benefit obligation are not reflected in the financial statement or the accompanying notes.

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between $250 and $5,000), which is not taxable, to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The effect of the Act was a $______ reduction in the Company's net postretirement benefit cost for the subsidy related to benefits attributed to former employees. The Act also had the following effects on the net postretirement benefit cost; a $______ decrease as a result of an actuarial gain; a decrease to the current period service cost $______ due to the subsidy and $______ decrease to the interest cost.

(3) Disclosure of Gross Benefit Payments

The Company's gross benefit payments for 20__ were $______ including the prescription drug benefit and estimates future payments to be $______ annually. The Company's subsidy related to The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was $______ for 20__ and estimates future subsidies to be $______ annually.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

Instruction:

Disclose the following information related to capital and surplus, dividend restrictions and quasi-reorganizations.

(1) The number of shares of each class of capital stock authorized, issued and outstanding as of the balance sheet date and the par value or stated value of each class.

(2) The dividend rate, liquidation value and redemption schedule (including prices and dates) of any preferred stock issues.

(3) Dividend restrictions, if any, and an indication if the dividends are cumulative.

(4) The dates and amounts of dividends paid. Note for each payment whether the dividend was ordinary or extraordinary.

(5) The portion of the reporting entity's profits that may be paid as ordinary dividends to stockholders.

(6) A description of any restrictions placed on the unassigned funds (surplus), including for whom the surplus is being held.

(7) For mutual reciprocals, and similarly organized entities, the total amount of advances to surplus not repaid, if any.

(8) The total amount of stock held by the reporting entity, including stock of affiliated entities, for special purposes such as:

a. Conversion of preferred stock.

b. Employee stock options.

c. Stock purchase warrants

(9) A description of the reasons for changes in the balances of any special surplus funds from the prior period.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses.

(11) Surplus Notes

For each surplus debenture or similar obligation, except those surplus notes required or those that are a prerequisite for purchasing an insurance policy and are held by the policyholder, furnish the following information:

a. Date issued

b. Description of the assets received

c. Holder of the note or, if public, the names of the underwriter and trustee

d. Par Value (Face Amount of Notes)

e. Carrying value of note

f. The rate at which interest accrues

g. Maturity dates or repayment schedules, if stated

h. Unapproved interest and/or principal

i. Interest and/or principal paid in the current year

j. Total interest and/or principal paid on surplus notes

k. Subordination terms

l. Liquidation preference to the reporting entity's common and preferred shareholders

m. The repayment conditions and restrictions

n. In addition to the above, a reporting entity shall identify all affiliates that hold any portion of a surplus debenture or similar obligation (including an offering registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933), and any holder of 10% or more of the outstanding amount of any surplus note registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933.

(12) The impact of the restatement in a quasi-reorganization as long as financial statements for the period of the reorganization are presented.

(13) The effective date of a quasi-reorganization for a period of ten years following the reorganization.

Illustration:

(1) The Company has __________ shares authorized, __________ shares issued and __________ shares outstanding. All shares are Class A shares.

(2) The Company has no preferred stock outstanding.

(3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, __________, to $__________, an amount that is based on restrictions relating to statutory surplus.

(4) An ordinary dividend in the amount of $ _________ on _________ was paid by the Company.

(5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) The total amount of advances to surplus not repaid is $_________.

(8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes are:

a. For conversion of preferred stock: _________ shares
b. For employee stock options: _________ shares
c. For stock purchase warrants: _________ shares

(9) Changes in balances of special surplus funds from the prior year are due to: _________________

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $ __________ .

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(11) The Company issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
1311999	Total		*				XXX

* Total should agree with Page 3, Line 33.

The surplus note in the amount of $______, listed as item _______ in the above table, was issued to _____________________ (parent) in exchange for ___________________________.

The surplus note, in the amount of $_____, listed as item _______ in the above table, was issued pursuant to Rule 144A under the Securities Act of 1933, underwritten by ____________________, and is administered by _____________________ as trustee.

The surplus note has the following repayment conditions and restrictions: (e.g., each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of Insurance of the State and only to the extent the Company has sufficient surplus earnings to make such payment).

The surplus note has the following subordination terms: (e.g., The Notes will rank *pari passu* with any other future surplus notes of the Parent and with all other similarly subordinated claims).

The liquidation preference to the insurer's common and preferred shareholders are as follows: (e.g., In the event that the Parent is subject to such a proceeding, holders of Indebtedness, Policy Claims and Prior Claims would be afforded a greater priority under the Liquidation Act and the terms of the Notes and, accordingly, would have the right to be paid in full before any payments of interest or principal are made to Note holders).

The surplus debenture in the amount of $___, listed as item _______ in above table, is held by _______________________________(an affiliate).

The surplus debenture in the amount of $_____________, listed as item ________ in above table, was issued pursuant to Rule 144A under the Securities Act of 1933, and is held by _____________________ in the following ownership percentage _________________________ (10% or more).

The _____ (an affiliate) holds $ __________ or __________% of the surplus debenture listed as item ________in the above table.

The Company has outstanding $__________ of __________% debentures due in 20___ issued on __/__/20__. The carrying amount of the debt is $______ with an effective rate of ____%. The debentures are not redeemable prior to 20___. The Company is required to make annual sinking fund payments of $__________ that will provide sufficient funds for the retirement of debentures at maturity. Interest paid during 20__ was $______.

The Company has an outstanding liability for borrowed money in the amount of $_______ due to __________on __/__/20__. The principal amount is due 20__. At the option of the Company, early repayment may be made. Interest at ___% is required to be paid annually. Interest paid during 20__ was $_______. The Company is required to maintain a collateral security deposit with the lender. Assets in such security deposit are required to be maintained in a fair value amount at least equal to the outstanding principal. At December 31, 20__, assets having an admitted value of $__________ and a fair value of $_______ were on deposit with the lender.

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(12) The impact of any restatement due to prior quasi-reorganizations is as follows:

	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus
2008	$ ___________	$ ___________
2007	$ ___________	$ ___________
2006	$ ___________	$ ___________
etc.		

(13) The effective date(s) of all quasi-reorganizations in the prior 10 years is/are ______________.

14. Liabilities, Contingencies and Assessments

Instruction:

For disclosures related to *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets, SSAP No. 35R—Guaranty Fund and Other Assessments, SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities,* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, describe the nature of any material contingencies in accordance with SSAP No. 5R and report total contingent liabilities.

A. Contingent Commitments

(1) Disclose any commitment or contingent commitment to an SCA entity, joint venture, partnership, or limited liability company (e.g., guarantees or commitments to provide additional capital contributions).

Include any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) including the amount of equity contributions that are contingent commitments related to LIHTC properties investments and the year(s) that contingent commitments are expected to be paid. Refer to *SSAP No. 93—Low Income Housing Tax Credit Property Investments* for accounting guidance.

(2) A guarantor shall disclose the following information about each guarantee, or each group or similar guarantees (except product warranties), even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed:

a. The nature of the guarantee, including the approximate term of the guarantee, how the guarantee arose, and the events and circumstances that would require the guarantor to perform under the guarantee, the ultimate impact to the financial statements (specific financial statement line item) if action under the guarantee was required (e.g., increase to investment, dividends to stockholders, etc.) and the current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the guarantee. For example, the current status of the payment/performance risk of a credit-risk-related guarantee could be based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk. An entity that uses internal groupings shall disclose how those groupings are determined and used for managing risk.

b. The potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. That maximum potential amount of future payments shall not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantee (which are addressed under 2c below). If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, that fact shall be disclosed. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, the guarantor shall disclose the reasons why it cannot estimate the maximum potential amount.

c. The nature of (1) any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee; and (2) any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee. The guarantor shall indicate, if estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee

d. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee (including the amount, if any, recognized under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*), regardless of whether the guarantee is freestanding or embedded in another contract.

(3) An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered.

B. Assessments

Describe the nature of any assessments that could have a material financial effect, by type of assessment, and state the estimate of the liability, identifying whether the corresponding liability has been recognized under *SSAP No. 35R—Guaranty Fund and Other Assessments*, a liability has not been recognized as the obligating event has not yet occurred, or indicate that an estimate cannot be made.

For assessments with liabilities recognized under *SSAP No. 35R—Guaranty Fund and Other Assessments*, disclose the amounts of the recognized liabilities, any related asset for premium tax credits or policy surcharges, the periods over which the assessments are expected to be paid, and the period over which the recorded premium tax offsets or policy surcharges are expected to be realized.

Disclose assets recognized from paid and accrued premium tax offsets and policy surcharges, and include a reconciliation of assets recognized within the previous year's annual statement to the assets recognized in the current year's annual statement. The reconciliation shall reflect, in aggregate, each component of the increase and decrease in paid and accrued premium tax offsets and policy surcharges, including the amount charged off.

The financial statements shall disclose the following related to guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts.

- The discount rate applied as of the current reporting date (determined in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*);

- The following disclosures shall be by insolvency:

  - ❖ The undiscounted and discounted amount of the guaranty fund assessments and related assets;

  - ❖ The number of jurisdictions for which the long-term care guaranty fund assessments payables were discounted and the number of jurisdictions for which asset recoverables were discounted;

  - ❖ Identify the ranges of years used to discount the assets and the range of years used to discount the liabilities (e.g., 2-10, 5-20);

  - ❖ The weighted average numbers of years of the discounting time period for long-term care guaranty fund assessment liabilities; and

  - ❖ The weighted average number of years of the discounting time period for the asset recoverables.

Disclosures shall be made in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, when there is at least a reasonable possibility that the impairment of an asset from premium tax offsets or policy surcharges may have been incurred.

C. Gain Contingencies

Describe the nature of any gain contingencies. Gain contingencies are not recognized in a reporting entity's financial statements except as provided under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. If subsequent to the balance sheet date but prior to the issuance of financial statements, the gain is realized, disclose the nature of the gain contingency.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses requires that claims related extra contractual obligations losses and bad faith losses shall be included in losses. For claims related extra contractual obligations losses and bad faith losses stemming from lawsuits, disclose the dollar amount paid (for the extra contractual and bad faith portion of the total claim amount) in the current reporting period on a direct basis. Disclose the number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period as a range.

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period. Please check one of the following ranges of claims:

(a) 0-25 Claims	(c) 51-100 Claims	(e) More than 500 Claims
(b) 26-50 Claims	(d) 101-500 Claims	

Indicate whether claim count information is disclosed per claim or per claimant.

(f)	Per Claim	[ ]
(g)	Per Claimant	[ ]

E. As product warranties are excluded from the initial recognition and initial measurement requirements for guarantees under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, a guarantor is not required to disclose the maximum potential amount of future payments. Instead the guarantor is required to disclose for product warranties the following information:

(1) The guarantor's accounting policy and methodology used in determining its liability for product warranties (Including any liability associated with extended warranties).

(2) A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period. That reconciliation should present the beginning balance of the aggregate product warranty liability, the aggregate reductions in that liability for payments made (in cash or in kind) under the warranty, the aggregate changes in the liability for accruals related to product warranties issued during the reporting period, the aggregate changes in the liability for accruals related to preexisting warranties (including adjustments related to changes in estimates), and the ending balance of the aggregate product warranty liability.

F. Joint and Several Liabilities

Disclose the following information for each joint and several liability arrangements accounted for under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. If co-obligors are related parties, disclosure requirements in *SSAP No. 25—Affiliates and Other Related Parties* also apply.

- The nature of the arrangement, including:
  - ❖ How the liability arose.
  - ❖ The relationship with co-obligors.
  - ❖ The terms and conditions of the arrangements.
- The total outstanding amount under the arrangement, which shall not be reduced by the effect of any amounts that may be recoverable from other entities.
- The carrying amount, if any, of the entity's liability and the carrying amount of a receivable recognized, if any.
- The nature of any recourse provisions that would enable recovery from other entities of the amounts paid, including any limitations on the amounts that might be recovered.
- In the period the liability is initially recognized and measured or in a period the measurement changes significantly:
  - ❖ The corresponding entry.
  - ❖ Where the entry was recorded in the financial statements.

G. All Other Contingencies

Disclose the nature of any loss contingency or impairment of an asset, including an estimate of the possible loss, or range of loss, or state that such an estimate cannot be made. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairment of Assets*. This meets the requirements of the following SSAPs: *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers; SSAP No. 21—Other Admitted Assets; SSAP No. 47—Uninsured Plans; SSAP No. 54R—Individual and Group Accident and Health Contracts; SSAP No. 56—Separate Accounts; SSAP No. 66—Retrospectively Rated Contracts; SSAP No. 86—Derivatives*; and other SSAPs as required.

<u>Illustration:</u>

A. The Company has given XYZ Homes, Inc., a real estate development partnership, a standby commitment until January 1, 20__, in the form of capital notes on equity contributions not to exceed the aggregate $__________ in the event of a loan default by XYZ Homes, Inc., on various of its subordinated debt issues.

(1) Total *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*, and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* contingent liabilities: $__________

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(2)

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement.	Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.)	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted.
Guarantee the indebtedness of subsidiary LJS for its debt on real estate	XX,XXX	Investments in SCA	XX,XXX (a)	LJS is current in all payments of principal and interest, as well as their external credit rating (AA), which has been consistent for the past five years.
....				....
....				....
....				....
Total				XXX

(a) Pursuant to the terms of this guarantee, the Company would be required to perform in the event of default by LJS, but would also be permitted to take control of the real estate.

Note: The illustration above shows just one example. The reporting entity may have others that would be reported, as well.

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(3)

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for (2) above.)	$	....
b. Current Liability Recognized in F/S:		
1. Noncontingent Liabilities	$	....
2. Contingent Liabilities	$	....
c. Ultimate Financial Statement Impact if action under the guarantee is required.		
1. Investments in SCA	$	....
2. Joint Venture	$	....
3. Dividends to Stockholders (capital contribution)	$	....
4. Expense	$	....
5. Other	$	....
6. Total (Should equal (3)a.)	$	....

B. Assessments

(1)

Where Amount is Unknown

The company has received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a guaranty fund assessment against the company at some future date. At this time, the company is unable to estimate the possible amounts, if any, of such assessments. Accordingly, the company is unable to determine the impact, if any, such assessments may have on the company's financial position or results of operations.

Where Amount is Known (Retrospective Example)

On ______, 20___, the company received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a retrospective premium-based guaranty fund assessment against the company of $______ that has been charged to operations in the current period and the liability recognized.

Where Amount is Known (Prospective Example)

On ______, 20___, the company received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a prospective-based guaranty fund assessment against the company. A liability for this guaranty fund assessment has yet to be recognized as the conditions in paragraph 4 have not been met. (Pursuant to paragraph 4b of *SSAP No. 35R—Guaranty Fund and Other Assessments*, the event obligating the entity has not yet occurred.) For premium-based assessments, the event that obligates the entity is writing the premiums, or being obligated to write or renew the premiums on which the assessments are expected to be based. There is no state law that requires the entity to remain liable for assessments, even though the insurance entity discontinues the writing of premiums. As such, a liability will be recognized once this condition has been met. As no liability has yet to be recognized for this notification of insolvency, no premium tax offsets or policy surcharges assets have been recognized for this notification. Pursuant to SSAP No. 35R, the accrual of prospective premium-based assessments is based on and limited in the same manner for which the liability is recognized.

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(2)

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$	....
b.	Decreases current year:		
	Policy surcharges collected	$	....
	Policy surcharges charged off	$	....
	Premium tax offset applied	$	....
	....	$	....
	....	$	....
	....	$	....
c.	Increases current year:	$	....
	Policy surcharges collected	$	....
	Policy surcharges charged off	$	....
	Premium tax offset applied	$	....
	....	$	....
	....	$	....
	....	$	....
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$	....

Note: Detail descriptions for the sub-lines of 2b and 2c are just examples of descriptions that could be used in those lines.

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(3)

a. Discount Rate Applied .... %

b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency

Name of the Insolvency	Guaranty Fund Assessment		Related Assets	
	Undiscounted	Discounted	Undiscounted	Discounted
....	$	$	$	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....

c. Number of Jurisdictions, Ranges of Years Used to Discount and Weighted Average Number of Years of the Discounting Time Period for Payables and Recoverables by Insolvency

Name of the Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....

C. Gain Contingencies

On January 15, 20__, the company, as plaintiff, was successful in a suit it had previously filed for damages in a case involving misrepresentation. On February 10, 20__, the company received $_________ in damages as a result of this case. Accordingly, the company has recorded this amount in its first quarter, 20__, financial statements.

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D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$ xxx,xxx

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
	X			

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [ ] (g) Per Claimant [ ]

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E. Product Warranties

(2) Reconciliation of aggregate product warranty liability

a. Product warranty liability beginning balance	$
b. Reductions for payments made under the warranty	
c. Liability accrual for product warranties issued during the current period	
d. Change in liability accrual for product warranties issued in previous periods	
e. Product warranty liability ending balance	$

G. All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that it considers to be impaired.

15. Leases

Instruction:

A. Disclose the following items related to lessee leasing arrangements (refer to *SSAP No. 22—Leases*):

(1) A general description of the lessee's leasing arrangements including, but not limited to, the following:

a. Rental expense for each period for which an income statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals. Rental payments under leases with terms of a month or less that were not renewed need not be included.

b. The basis on which contingent rental payments are determined.

c. The existence and terms of renewal or purchase options and escalation clauses.

d. Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing.

e. Identification of lease agreements that have been terminated early or for which the lessee is no longer using the leased property benefits, and the liability recognized in the financial statements under these agreements.

(2) For leases having initial or remaining noncancelable lease terms in excess of one year:

a. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years.

b. The total of minimum rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented.

(3) For sale-leaseback transactions:

a. A description of the terms of the sale-leaseback transaction, including future commitments, obligations, provisions, or circumstances that require or result in the seller-lessee's continuing involvement; and

b. For those accounted for as deposits, (a) the obligation for future minimum lease payments as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding years; and (b) the total of minimum sublease rentals, if any, to be received in the future under noncancelable subleases in the aggregate and for each of the five succeeding years.

B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income or assets, disclose the following information with respect to leases:

(1) For operating leases:

a. A general description of the lessor's leasing arrangements;

b. The cost and carrying amount, if different, of property on lease or held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total as of the date of the latest balance sheet presented;

c. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; and

d. Total contingent rentals included in income for each period for which an income statement is presented.

(2) For leveraged leases:

a. A description of the terms including the pretax income from the leveraged leases. For purposes of presenting the investment in a leveraged lease in the lessor's balance sheet, the amount of related deferred taxes shall be presented separately (from the remainder of the net investment);

b. Separate presentation (from each other) shall be made of pretax income from the leveraged lease, the tax effect of pretax income, and the amount of investment tax credit recognized as income during the period; and

c. When leveraged leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, the components of the net investment balance in leveraged leases shall be disclosed.

<u>Illustration:</u>

A. Lessee Operating Lease

(1)

a. The Company leases office equipment under various noncancelable operating lease agreements that expire through December 20___. Rental expense for 20___, and 20___ was approximately $_____, and $_____, respectively.

c. Certain rental commitments have renewal options extending through the year 20___. Some of these renewals are subject to adjustments in future periods.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2)

a. At December 31, 20___, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	20__	$ ___________
2.	20__	$ ___________
3.	20__	$ ___________
4.	20__	$ ___________
5.	20__	$ ___________
6.	Total	$ ___________

(3) The company is not involved in any material sales – leaseback transactions.

B. Lessor Leases

(1) Operating Leases

a. The company owns or leases numerous sites that are leased or subleased to franchisees. Buildings owned or leased that meet the criteria for operating leases are carried at the gross investment in the lease less unearned income. Unearned income is recognized in such a manner as to produce a constant periodic rate of return on the net investment. The typical lease period is 20 years and some leases contain renewal options. The franchisee is responsible for the payment of property taxes, insurance and maintenance costs related to the leased property.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 20___ are as follows:

	Year Ending December 31	Operating Leases
1.	20__	$ ________
2.	20__	$ ________
3.	20__	$ ________
4.	20__	$ ________
5.	20__	$ ________
6.	Total	$ ________

d. Contingent rentals included in income for the years ended December 31, 20__ and 20__ amounted to $__________ and $_________, respectively. The net investment is classified as real estate.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(2) Leveraged Leases

a. The Company's investment in leveraged leases relates to equipment used primarily in the transportation industries. The component of net income from leveraged leases at December 31, 20__ and December 31, 20__ were as shown below:

		20___	20___
1.	Income from leveraged leases before income tax including investment tax credit	$ ________	$ ________
2.	Less current income tax	$ ________	$ ________
3.	Net income from leveraged leases	$ ________	$ ________

c. The components of the investment in leveraged leases at December 31, 20__ and 20__ were as shown below:

		20___	20___
1.	Lease contracts receivable (net of principal and interest on non-recourse financing)	$ ________	$ ________
2.	Estimated residual value of leased assets	$ ________	$ ________
3.	Unearned and deferred income	$ ________	$ ________
4.	Investment in leveraged leases	$ ________	$ ________
5.	Deferred income taxes related to leveraged leases	$ ________	$ ________
6.	Net investment in leveraged leases	$ ________	$ ________

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Refer to *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures* for accounting guidance.

Instruction:

For financial instruments with off-balance-sheet risk, a reporting entity shall disclose in the financial statements the following information by class of financial instrument:

(1) The face or contract amount (or notional principal amount if there is no face or contract amount).

(2) The nature and terms, including, at a minimum, a discussion of (i) the credit and market risk of those instruments, (ii) the cash requirements of those instruments, and (iii) the related accounting policy pursuant to the requirements of APB Opinion No. 22, Disclosure of Accounting Policies.

(3) The amount of accounting loss the entity would incur if any party to the financial instrument failed completely to perform according to the terms of the contract and the collateral or other security, if any, for the amount due proved to be of no value to the entity.

(4) The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(1) The table below summarizes the face amount of the Company's financial instruments with off-balance-sheet risk.

		Assets		Liabilities	
		20___	20___	20___	20___
a.	Swaps	$ ________	$________	$________	$ ________
b.	Futures	$ ________	$________	$________	$ ________
c.	Options	$ ________	$________	$________	$ ________
d.	Total	$ ________	$________	$________	$ ________

See Schedule DB of the Company's annual statement for additional detail.

(2) The Company uses interest rate swaps to reduce market risks from changes in interest rates and to alter interest rate exposures arising from mismatches between assets and liabilities. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Generally, no cash is exchanged at the outset of the contract and either party makes no principal payments. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by one counterparty at each due date.

Under exchange-traded currency futures and options, the Company agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts. The parties with whom the Company enters into exchange-traded futures and options are regulated futures commissions merchants who are members of a trading exchange.

(3) The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of interest rate swaps and currency swaps is represented by the fair value (market value) of contracts with a positive fair value (market value) at the reporting date. Because exchange-traded futures and options are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments.

(4) The Company is required to put up collateral for any futures contracts that are entered. The amount of collateral that is required is determined by the exchange on which it is traded. The Company currently puts up cash and U.S. Treasury Bonds to satisfy this collateral requirement.

The current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date. The company manages credit risk by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate and customary. The Company also attempts to minimize its exposure to credit risk through the use of various credit monitoring techniques. Approximately ______% of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Instruction:

A. Transfers of Receivables Reported as Sales

For transfers of receivables reported as sales in accordance with *SSAP No. 42—Sale of Premium Receivables*, the transferor's financial statements shall disclose:

(1) The proceeds to the transferor.

(2) The gain or loss recorded on the sale.

B. Transfer and Servicing of Financial Assets

For transactions reported in accordance with *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, a reporting entity shall disclose the following:

(1) Description of any loaned securities, including the fair value, a description of, and the policy for, requiring collateral, whether or not the collateral is restricted and the amount of collateral for transactions that extend beyond one year from the reporting date.

Include separately, the amount of any loaned securities within the separate account and if the policy and procedures for the separate account differ from the general account.

(2) For all servicing assets and servicing liabilities:

a. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value to the servicing assets and servicing liabilities. (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities is encouraged but not required.)

b. The amount of **contractually specified servicing fees**, late fees and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.

c. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses and prepayment speeds). An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, also is encouraged but not required to disclose the quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.

(3) When servicing assets and servicing liabilities are subsequently measured at fair value:

For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:

a. The beginning and ending balances.

b. Additions (through purchases of servicing assets, assumptions of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets).

c. Disposals.

d. Changes in fair value during the period resulting from (i) changes in valuation inputs or assumptions used in the valuation model and (ii) other changes in fair value and a description of those changes.

e. Other changes that affect the balance and a description of those changes.

(4) For securitizations, asset-backed financing arrangements and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the *Accounting Practices and Procedures Manual*) with the transferred financial assets:

a. For each income statement presented:

1. The characteristics of the transfer including a description of the transferor's continuing involvement with the transferred financial assets, the nature and initial fair value of the assets obtained as proceeds and the liabilities incurred in the transfer, and the gain or loss from the sale of transferred financial assets. For initial fair value measurements of assets obtained and liabilities incurred in the transfer, the following information:

   (a) The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

   (b) The key inputs and assumptions used in measuring the fair value of assets obtained and liabilities incurred as a result of the sale that relate to the transferor's continuing involvement (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of prepayable financial assets; and anticipated credit losses, including expected static pool losses).

   - If an entity has aggregated multiple transfers during a period, it may disclose the range of assumptions.

   - The weighted-average life of pre-payable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products and dividing the sum by the initial principal balance.

   - Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets.

2. Cash flows between a transferor and transferee, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets, servicing fees and cash flows received from a transferor's beneficial interests.

b. For each statement of financial position presented, regardless of when the transfer occurred:

1. Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk and other risks), including:

   (a) The total principal amount outstanding, the amount that has been derecognized and the amount that continues to be recognized in the statement of financial position.

   (b) The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss and the amount of the maximum exposure to loss.

(c) Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including when the transferor assisted the transferee or its beneficial interest holders in obtaining support, including:

- The type and amount of support.

- The primary reasons for providing the support.

(d) Information is encouraged about any liquidity arrangements, guarantees and/or other commitments provided by third parties related to the transferred financial assets that may affect the transferor's exposure to loss or risk of the related transferor's interest.

2. The entity's accounting policies for subsequently measuring assets and liabilities that relate to the continuing involvement with the transferred financial assets.

3. The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of pre-payable financial assets; and anticipated credit losses, including expected static pool losses).

4. For the transferor's interests in the transferred financial assets, a sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported per *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, independently from any change in another key assumption, and a description of the objectives, methodology and limitations of the sensitivity analysis or stress test.

5. Information about the asset quality of transferred financial assets and any other assets that it manages together with them. This information shall be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets as well as in other assets and liabilities that it manages together with transferred financial assets. For example, information for receivables shall include, but is not limited to:

- Delinquencies at the end of the period.

- Credit losses, net of recoveries, during the period.

(5) Disclosure requirements for transfers of financial assets accounted for as secured borrowing (excluding repurchase and reverse repurchase transactions disclosed under Notes 5F through 5I above):

The carrying amounts and classifications of both assets and associated liabilities recognized in the transferor's statement of financial position at the end of each period presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amounts of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets.

(6) Disclose any transfers of receivables with recourse.

(7) A description of the securities underlying dollar repurchase and dollar reverse repurchase agreements, including book values and fair values; and maturities for the following categories:

a. Securities subject to dollar repurchase agreements.

b. Securities subject to dollar reverse repurchase agreements.

C. Wash Sales

A reporting entity shall disclose the following information for wash sales, as defined in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, involving transactions for securities with an NAIC designation of 3 or below, or that do not have an NAIC designation, excluding all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold Dec. 20, 2017, and reacquired on Jan. 10, 2018, the transaction shall be captured in the wash sale disclosure included in the year-end 2017 financial statements. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement)

(1) A description of the reporting entity's objectives regarding these transactions; and

(2) An aggregation of transactions by NAIC Designation 3 or below, or unrated.

Include

- The number of transactions involved during the reporting period;
- The book value of securities sold;
- The cost of securities repurchased; and
- The realized gains/losses associated with the securities involved.

Illustration:

A. Transfers of Receivables Reported as Sales

(1) During 20__ the company sold $______ of agent balances without recourse to the ABC Company.

(2) The company realized a loss of $______ as a result of the sale.

C. Wash Sales

(1) In the course of the company's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the company's yield on its investment portfolio.

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(2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 20__ and reacquired within 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
			$	$	$
			$	$	$
			$	$	$
			$	$	$
			$	$	$
			$	$	$

Note: Examples of values for the Description Column are Bonds, Preferred Stocks, Common Stocks, etc.

The NAIC Designation Column should indicate 3 through 6 for those transactions for securities that would have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., bonds and preferred stocks).

For those transactions for securities that would not have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., real estate mortgage loans and common stocks), leave the column blank.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Instruction:

Provide information with regard to the profitability to the reporting entity of uninsured accident and health plans and the uninsured portions of partially insured plans for which the reporting entity serves as an Administrative Services Only (ASO) or an Administrative Services Contract (ASC) plan administrator.

A. ASO Plans

For ASO plans, provide the following information with regard to the profitability to the reporting entity of all ASO plans and the uninsured portions of partially insured plans for which the reporting entity serves as an administrator.

For the total and each category separately provide:

- Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses
- Total net other income or expense (including interest paid to or received from plans)
- Total net gain or loss from operations
- The claim payment volume

B. ASC Plans

For ASC plans, provide information with regard to the profitability to the reporting entity of all ASC plans and the uninsured portions of partially insured plans for which the reporting entity serves as an ASC administrator.

For the total and each category separately provide:

- Gross reimbursement for medical cost incurred.
- Gross administrative fees accrued.
- Other income or expense (including interest paid to or received from plans).
- Gross expenses incurred (claims and administrative).
- Total net gain or loss from operations.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

For a Medicare or similarly structured cost based reimbursement contract plan, the reporting entity shall include information with regards to:

(1) Major components of revenue by payor.

(2) Receivables from payors with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans or $10,000.

(3) Recorded allowances and reserves for adjustment of recorded revenues.

(4) Adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period

Illustration:

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A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 20__:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ ________	$ ________	$ ________
b. Total net other income or expenses (including interest paid to or received from plans)	$ ________	$ ________	$ ________
c. Net gain or (loss) from operations	$ ________	$ ________	$ ________
d. Total claim payment volume	$ ________	$ ________	$ ________

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B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows during 20__:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	$ ________	$ ________	$ ________
b. Gross administrative fees accrued	$ ________	$ ________	$ ________
c. Other income or expenses (including interest paid to or received from plans)	$ ________	$ ________	$ ________
d. Gross expenses incurred (claims and administrative)	$ ________	$ ________	$ ________
e. Total net gain or loss from operations	$ ________	$ ________	$ ________

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

(1) Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract, for the year 20_____, consisted of $_____________ for medical and hospital related services and $_______________ for administrative expenses.

(2) As of December 31, 20___, the Company has recorded receivables from the following payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or $10,000:

ABC Company	$ ____________
XYZ Company	$ ____________

(3) In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of $_________ at December 31, 20__.

(4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Instruction:

Disclose the aggregate amount of direct premiums written through/produced by managing general agents or third party administrators. For purposes of this instruction, a managing general agent means the same as referenced in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*. If this amount is equal to or greater than 5% of surplus, provide the following information for each managing general agent and third party administrator:

- Name and address of managing general agent or third party administrator.
- Federal Employer Identification Number.
- Whether such person holds an exclusive contract.
- Types of business written.
- Type of authority granted (i.e., underwriting, claims payment, etc.).
- Total direct premiums written/ produced by.

Illustration:

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Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premium Written/ Produced By
XYZ	________	________	________	U	$ ________
XXX	________	________	________	B	$ ________
Total					$ ________

* Authority Codes Sample Listing:

C	–	Claims Payment
CA	–	Claims Adjustment
R	–	Reinsurance Ceding
B	–	Binding Authority
P	–	Premium Collection
U	–	Underwriting

20. Fair Value Measurements

Instruction:

A. A reporting entity shall disclose information that helps users of the financial statements to assess both of the following:

For assets and liabilities that are measured and reported[1] at fair value or net asset value (NAV) in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements; and

For fair value measurements in the statement of financial position determined using significant unobservable inputs (Level 3), the effect of the measurements on earnings (or changes in net assets) for the period.

To meet these objectives, the reporting entity shall disclose the information in paragraphs (1) through (4) below for each class of assets and liabilities measured and reported[1] at fair value or NAV in the statement of financial position after initial recognition. The reporting entity shall determine appropriate classes of assets and liabilities in accordance with the annual statement instructions.

(1) The level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3). (Investments reported at NAV shall not be captured within the fair value hierarchy, but shall be separately identified.)

For assets and liabilities held at the reporting date, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for the transfers, and the reporting entity's policy for determining when transfers between levels are recognized. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.

(2) For fair value measurements categorized within Level 3 of the fair value hierarchy a reconciliation from the opening balances to the closing balances disclosing separately changes during the period attributable to the following:

a. Total gains or losses for the period recognized in income or surplus.

b. Purchases, sales, issues and settlements (each type disclosed separately).

c. The amounts of any transfers into or out of Level 3, the reasons for those transfers, and the reporting entity's policy for determining when transfers between levels are recognized. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

(3) A reporting entity shall disclose and consistently follow its policy for determining when transfers between levels are recognized. The policy about the timing of recognizing transfers shall be the same for transfers into Level 3 as that for transfers out of Level 3. Examples of policies for when to recognize the transfers are as follows:

a. The actual date of the event or change in circumstances that caused the transfer.

b. The beginning of the reporting period.

c. The end of the reporting period.

[1] The term "reported" is intended to reflect the measurement basis for which the asset or liability is classified within its underlying SSAP. For example, a bond with an NAIC designation of 2 is considered an amortized cost measurement and is not included within this disclosure even if the amortized cost and fair value measurement are the same. An example of when such a situation may occur includes a bond that is written down as other-than-temporarily impaired as of the date of financial position. The amortized cost of the bond after the recognition of the other-than-temporary impairment may agree to fair value, but under SSAP No. 26R this security is considered to still be reported at amortized cost.

(4) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in the valuation technique(s) (for example, changing from a market approach to an income approach or the use of an additional valuation technique), the reporting entity shall disclose that change and the reason for making it.

For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, *SSAP No. 100R—Fair Value* requires a reporting entity to disclose a description of the valuation technique(s) and the inputs used in the fair value measurement. A reporting entity might disclose the following:

a. Quantitative information about the input, for example, for certain debt securities or derivatives, information such as, but not limited to, prepayment rates, rates of estimated credit losses, interest rates (for example the LIBOR swap rate) or discount rates and volatilities.

b. The nature of the item being measured at fair value, including the characteristics of the item being measured that are considered in the determination of relevant inputs. For example, for residential mortgage-backed securities, a reporting entity might disclose the following:

- The types of underlying loans (for example, prime loans or subprime loans)
- Collateral
- Guarantees or other credit enhancements
- Seniority level of the tranches of securities
- The year of issue
- The weighted-average coupon rate of the underlying loans and the securities
- The weighted-average maturity of the underlying loans and the securities
- The geographical concentration of the underlying loans
- Information about the credit ratings of the securities

c. How third-party information such as broker quotes, pricing services, net asset values and relevant market data was considered in measuring fair value.

(5) For derivative assets and liabilities, the reporting entity shall present both of the following:

a. The disclosures required by paragraph (1) and (2) above on a gross basis.

b. The reconciliation disclosures required by paragraphs (2), (3) and (4) on either a gross or net basis.

The quantitative disclosures required by 20A above shall be presented using a tabular format. (See Illustrations.)

B. The reporting entity is encouraged, but not required, to combine the fair value information disclosed under *SSAP No. 100R—Fair Value*, with the fair value information disclosed under other accounting pronouncements (for example, disclosures about fair value of financial instruments) in the periods in which those disclosures are required, if practicable. The reporting entity also is encouraged, but not required, to disclose information about other similar measurements, if practicable.

C. A reporting entity shall disclose in the notes to the financial statements, as of each date for which a statement of financial position is presented in the quarterly or annual financial statements, the aggregate fair value or NAV for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall. This disclosure shall be summarized by the type of financial instrument for which it is practicable to estimate fair value, except for certain financial instruments identified below.

The disclosures about fair value prescribed in the paragraph above are not required for the following: (Note; These exclusions are specific to Note 20C and do not impact the reporting of fair value that may be required in other SSAPs or statutory accounting schedules.)

- Employers' and plans' obligations for pension benefits, other postretirement benefits (see scope paragraph of *SSAP No. 92—Postretirement Benefits Other Than Pensions*), postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in *SSAP No. 12—Employee Stock Ownership Plans; SSAP No. 104R—Share-Based Payments; SSAP No. 92—Postretirement Benefits Other Than Pensions*; and *SSAP No. 102—Pensions*.
- Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
- Insurance contracts, other than financial guarantees and deposit-type contracts
- Lease contracts as defined in *SSAP No. 22—Leases*.
- Warranty obligations and rights.
- Investments accounted for under the equity method.
- Equity instruments issued by the entity.

Fair value disclosed in the notes shall be presented together with the related admitted values in a form that makes it clear whether the fair values and admitted values represent assets or liabilities and to which line items in the Statement of Assets, Liabilities, Surplus and Other Funds they relate. Unless specified otherwise in another SSAP, the disclosures may be made net of encumbrances, if the asset or liability is so reported. A reporting entity shall also disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments.

If it is not practicable for a reporting entity to estimate the fair value of the financial instrument or a class of financial instruments and the investment does not qualify for the NAV practical expedient, the aggregate carrying amount for those items shall be reported in the "not practicable" column with additional disclosure as required in paragraph 20D below.

D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, the following shall be disclosed:

(1) Information pertinent to estimating the fair value of that financial instrument or class of financial instruments and the investment does not qualify for the NAV practical expedient, such as the carrying amount, effective interest rate and maturity; and

(2) The reasons why it is not practicable to estimate fair value.

E. For investments measured using the NAV practical expedient pursuant to *SSAP No. 100R—Fair Value*, a reporting entity shall disclose information that helps users of its financial statements to understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from NAV per share. To meet that objective, a reporting entity shall disclose, at a minimum, the following information for instances in which the investment may be sold below NAV, or if there are significant restrictions in the liquidation of an investment held at NAV:

- The NAV along with a description of the investment/investment strategy of the investee.

- If the investment that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees.

- The amount of the reporting entity's unfunded commitments related to investments in the class.

- A general description of the terms and conditions upon which the investor may redeem the investment.

- The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity shall disclose that fact and how long the restriction has been in effect.

- Any other significant restriction on the ability to sell investments in the class at the measurement date.

- If a group of investments would otherwise meet the criteria in *SSAP No. 100R—Fair Value* but the individual investments to be sold have not been identified (for example, if a reporting entity decides to sell 20% of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in *SSAP No. 100R—Fair Value*, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s).

Illustration:

A.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Perpetual Preferred stock					
Industrial and Misc	$ (a)	$	$	$	$
Parent, Subsidiaries and Affiliates					
Total Perpetual Preferred Stocks	$	$	$	$	$
Bonds					
U.S. Governments	$	$	$	$	$
Industrial and Misc					
Hybrid Securities					
Parent, Subsidiaries and Affiliates					
Total Bonds	$	$	$	$	$
Common Stock					
Industrial and Misc	$	$	$	$	$
Parent, Subsidiaries and Affiliates					
Total Common Stocks	$	$	$	$	$
Derivative assets					
Interest rate contracts	$	$	$	$	$
Foreign exchange contracts					
Credit contracts					
Commodity futures contracts					
Commodity forward contracts					
Total Derivatives	$	$	$	$	$

Separate account assets	$	$	$	$	$
Total assets at fair value/NAV	$	$	$	$	$
b. Liabilities at fair value					
Derivative liabilities	$	$	$	$	$

Total liabilities at fair value	$	$	$	$	$

Example Footnote:

(a) $X,XXX transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market [illegible] was not readily accessible.

NOTE: Description column shows examples of assets and liabilities that can be disclosed. The subtotals shown in the illustration are for PDF/print reporting only. When completing the electronic notes, only the detail by class will be reported.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
a. Assets:										
Loan-Backed and Structured Securities (NAIC 3-6)										
Residential Mortgage-Backed Securities		(a)								
Commercial Mortgage-Backed Securities			(b)							
Derivative										
Credit Contracts										
Other Fund Investments										
Hedge Fund High-Yield Debt Securities										
Private Equity										
....										
....										
....										
Total Assets										
b. Liabilities										
....										
....										
....										
Total Liabilities										

Example Footnotes:

(a) Transferred from Level 2 to Level 3 because of a lack of observable market data due to decrease in market activity for these securities. The reporting entity's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer.

(b) Transferred from Level 3 to Level 2 because observable market data became available for these securities.

NOTE: Description column shows examples of assets and liabilities that can be disclosed. Increases to the beginning balance should be shown as positive amounts and decreases shown as negative amounts.

(4)

As of December 31, 20XX, the reported fair value of the reporting entity's investments in Level 3, NAIC designated 3-6 residential mortgage-backed securities was $X,XXX. These securities are senior tranches in a securitization trust and have a weighted-average coupon rate of XX percent and a weighted-average maturity of XX years. The underlying loans for these securities are residential subprime mortgages that originated in California in 2006. The underlying loans have a weighted-average coupon rate of XX percent and a weighted-average maturity of XX years. These securities are currently below investment grade. To measure their fair value, the reporting entity used an industry standard pricing model, which is uses an income approach. The significant inputs for the pricing model include the following weighted averages:

Yield: XX percent.

Probability of default: XX percent constant default rate.

Loss severity: XX percent.

Prepayment: XX percent constant prepayment rate.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$	$	$	$	$	$	$ ....
Common Stock	....	....	....	....	....	....	....
Perpetual Preferred Stock	....	....	....	....	....	....	....
Mortgage Loans	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....

NOTE: Type of Financial Instrument Column shows examples of types of financial instruments that can be disclosed.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

D. Not Practicable to Estimate Fair Value

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
Bonds	$	....	....	....
Common Stock	....	....	....	....
Perpetual Preferred Stock	....	....	....	....
Mortgage Loans				
Description 1	....	....	....	....
Description 2	....	....	....	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....

NOTE: Type or Class of Financial Instrument Column shows examples of types or classes of financial instruments that can be disclosed. Each individual security should be listed and not just an aggregate for the type or class of financial instrument.

21. Other Items

Instruction:

A. Unusual or Infrequent Items

Disclose the nature and financial effects of each unusual or infrequent event or transaction. Gains or losses of a similar nature that are not individually material shall be aggregated. This disclosure shall include the line items which have been affected by the event or transaction considered to be unusual and/or infrequent.

Refer to *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items* for accounting guidance.

B. Troubled Debt Restructuring: Debtors

Refer to *SSAP No. 36—Troubled Debt Restructuring*, for accounting guidance.

State the following information about troubled debt restructurings that occurred during a period for which the financial statements are presented:

(1) For each restructuring (or separate restructuring within a fiscal period for the same category of payables) (e.g., accounts payable or subordinated debentures) a description of the principal changes in terms, major features of settlement, or both;

(2) Aggregate gain on restructuring of payables and the related income tax effect;

(3) Aggregate net gain or loss on transfers of assets recognized during the period; and

(4) For periods after a troubled debt restructuring, the extent to which amounts that are contingently payable are included in the carrying amount of restructured payables and the conditions under which those amounts would become payable or would be forgiven.

C. Other Disclosures

Refer to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*.

Disclose any other items, (e.g., amounts not recorded in the financial statements that represent segregated funds held for others).

D. Business Interruption Insurance Recoveries

Disclose the following information related to business interruption insurance recoveries received during a period for which the financial statements are presented:

- The nature of the event resulting in business interruption losses.
- The aggregate amount of business interruption recoveries recognized during the period and the line item(s) in the statement of operations in which those recoveries are classified (including amounts defined as an extraordinary item pursuant to *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*).

E. State Transferable and Non-transferable Tax Credits

Disclose the following regarding state transferable and non-transferable tax credits. For purposes of this disclosure, total unused transferable and non-transferable state tax credits represent the entire transferable and non-transferable state tax credits available:

(1) Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total;

(2) Method of estimating utilization of remaining transferable and non-transferable state tax credits or other projected recovery of the current carrying value; and

(3) Impairment amount recognized by the reporting period, if any.

(4) Identify state tax credits by transferable and non-transferable classifications, and identify the admitted and nonadmitted portions of each classification.

F. Subprime-Mortgage-Related Risk Exposure

Reporting entities shall disclose information pertaining to subprime-mortgage-related risk exposure and related risk management practices, regardless of the materiality of the exposure, in the statutory financial statements. These disclosures are not required in the annual audited financial statements. Although definitions may differ among reporting entities, the following features are commonly recognized characteristics of subprime mortgage loans:

- An interest rate above prime to borrowers who do not qualify for prime rate loans;
- Borrowers with low credit ratings (FICO scores);
- Interest-only or negative amortizing loans;
- Unconventionally high initial loan-to-value ratios;
- Low initial payments based on a fixed introductory rate that expires after a short initial period, then adjusts to a variable index rate plus a margin for the remaining term of the loan;
- Borrowers with less than conventional documentation of their income and/or net assets;
- Very high or no limits on how much the payment amount or the interest rate may increase at reset periods, potentially causing a substantial increase in the monthly payment amount; and/or
- Include substantial prepayment penalties and/or prepayment penalties that extend beyond the initial interest rate adjustment period.

To the extent such information is available, reporting entities shall consider exposure to subprime mortgage related risk through the following sources:

- Direct investments in subprime mortgage loans;
- Direct investments in securities with underlying subprime exposure, such as residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations, structured securities (including principal protected notes), hedge funds, credit default swaps, and special investment vehicles;
- Equity investments in subsidiary, controlled or affiliated entities with significant subprime related risk exposure;
- Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage.

As it relates to the exposure described above, reporting entities shall provide the following information:

(1) Please provide a narrative description of the manner in which the reporting entity specifically defines its exposure to subprime mortgage related risk in practice. Please discuss the general categories of information considered in determining exposure to subprime mortgage related risk. Please differentiate between exposure to unrealized losses due to changes in asset values versus exposure to realized losses resulting from receiving less than anticipated cash flows or due to potential sale of assets to meet future cash flow requirements. Please discuss strategies used to manage or mitigate this risk exposure.

(2) Direct exposure through investments in subprime mortgage loans. Within the categories of Mortgages in the Process of Foreclosure, Mortgages in Good Standing, and Mortgages with Restructured Terms, please provide the following information for the aggregate amount of directly held subprime mortgage loans:

- Book/adjusted carrying value (excluding accrued interest);
- Fair value;
- Value of land and buildings;
- Any other-than-temporary impairment losses recognized to date;
- Default rate for the subprime portion of the loan portfolio.

(3) Direct exposure through other investments. Please provide the following information related to other investments with subprime exposure:

- Actual cost
- Book/adjusted carrying value
- Fair value
- Any other-than-temporary impairment losses recognized to date

Please aggregate the information above by the following types of investments:

- Residential mortgage-backed securities
- Commercial mortgage-backed securities
- Collateralized debt obligations
- Structured securities (including principal protected notes)
- Equity investments in subsidiary, controlled or affiliated entities with significant subprime mortgage related risk exposure (a general description of the nature and extent of the SCA's exposure should be included)
- Other assets (including but not limited to hedge funds, credit default swaps, special investment vehicles)

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage. Please provide the following information, by coverage type, related to underwriting exposure on policies issued for Mortgage Guaranty coverage or Financial Guaranty coverage and any other lines of insurance expected to be impacted:

- The aggregate amount of subprime related losses paid in the current year;
- The aggregate amount of subprime related losses incurred in the current year;
- The aggregate amount of subprime related case reserves at the end of the current reporting period;
- The aggregate amount of subprime related IBNR reserves at the end of the current reporting period.

G. Insurance-Linked Securities (ILS) Contracts

Reporting entities shall disclose information when they may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities. Insurance-linked securities (ILS) are securities whose performance is linked to the possible occurrence of pre-specified events that relate to insurance risks. While catastrophe bonds (cat bonds) may be the most well-known type of ILS, there are other non-cat-bond ILS, including those based on mortality rates, longevity and medical-claim costs. ILS securities may be used by an insurer, or any other risk-bearing entity, in addition to (or as an alternative to) the purchase of insurance or reinsurance. This disclosure shall specifically identify the following:

- Whether the reporting entity may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities as a way of managing risks related to directly-written insurance risks. This disclosure shall include the number of outstanding ILS contracts, and the aggregate maximum proceeds that could be received as of the reporting date under the terms of the ILS.

- Whether the reporting entity may receive possible proceeds as the issuer, ceding insurer, or counterparty of insurance-linked securities as a way of managing risk related to assumed insurance risks. This disclosure shall include the number of outstanding ILS contracts, and the aggregate maximum proceeds that could be received as of the reporting date under the terms of the ILS.

NOTE: In situations in which a reporting entity has ceded risk to a reinsurer, and the reinsurer has engaged in ILS (either directly or through a broker), the following should be used by the cedent reporting entity in completing the disclosure:

The ceding company shall complete the disclosure with information that they know regarding the reinsurance entities' involvement with ILS that would likely be used to satisfy their reinsurance arrangement. For this disclosure, information shall be provided that details the maximum possible ILS proceeds as a result of the reinsurer's ILS activity associated with the reinsurance arrangement(s) with the reporting entity. If information is known regarding the number of ILS contracts, that information shall also be included. If specific information is not known by the cedent on the number of ILS contracts associated with the reinsurance arrangement(s) with the reporting entity, the cedent shall report the information known (such as whether there is one ILS contract, or more than one ILS contract, or that the number of ILS contracts is not known). With the cedent entity reporting what is known (and what is not known), the regulator has needed information to further inquire with the ceding company.

Illustration:

A. Unusual or Infrequent Items

On November __, 20__, the Company prepaid the holders of its ______% senior notes. Accordingly, the Company recorded a loss of $ __________ related to the early retirement of debt. The loss comprised a $__________ million prepayment penalty and a write off of premium associated with the debt. This loss is reflected in line ______ of the Income Statement.

B. Troubled Debt Restructuring

(1) The Company has one mortgage loan payable with restructured terms. The principal changes in terms include the modification of terms from __ years to __ years and an increase in the interest rate from ___% to ___%.

(2) The aggregate gain on restructuring the payable and the related income tax effect were $_______ and $_______, respectively.

(3) The aggregate gain on the transfer of assets during 20__ was $__________.

(4) As of December 31, 20__, the Company has $__________ that is considered contingently payable on the restructured loan, of which $__________ is included in the loan's carrying amount. The Company will be required to pay the contingent amount if its financial condition improves to the degree specified in the loan agreements.

C. Other Disclosures

The following amounts were not represented in the financial statements as of December 31, 20X1 as they represent segregated funds held for others:

Cash deposits of $______ were not reported in the financial statements as of December 31, 20X1, as these deposits represented funds held in an escrow account. This is an increase of $____ from the prior year December 31, 20X1 financial statements.

NOTE The above is just an example of disclosing one item. The reporting entity could have more than one item to disclose.

D. The company received $_____ and $_____ in 20___ and 20___, respectively, in business interruption insurance recoveries related to flooding that occurred at the company's main administrative office in August 20___. The recoveries were reported within the line item "xxx" of the Statement of Income.

E. State Transferable and Non-transferable Tax Credits

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Carrying Value of Transferable and Non-transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-transferable State Tax Credits by State and in Total

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Total			

(2) Method of Estimating Utilization of Remaining Transferable and Non-transferable State Tax Credits

The Company estimated the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits.

(3) Impairment Loss

The Company recognized an impairment loss of $______ related to the write-down as a result of impairment analysis of the carrying amount for state transferable and non-transferable tax credits.

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(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable		
b. Non-transferable		

F. Subprime-Mortgage-Related Risk Exposure

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Direct exposure through investments in subprime mortgage loans.

	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure					
b. Mortgages in good standing					
c. Mortgages with restructured terms					
d. Total					XXX

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(3) Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities				
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs *				
f. Other assets				
g. Total				

* ABC Company's subsidiary XYZ Company has investments in subprime mortgages. These investments comprise _____% of the companies invested assets.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage				
b. Financial guaranty coverage				
c. Other lines (specify):				
....				
....				
....				
d. Total				

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

G. Insurance-Linked Securities (ILS) Contracts

	Number of Outstanding ILS Contacts	Aggregate Maximum Proceeds
Management of Risk Related To:		
(1) Directly Written Insurance Risks		
a. ILS Contracts as Issuer	....	$ ....
b. ILS Contracts as Ceding Insurer	....	$ ....
c. ILS Contracts as Counterparty	....	$ ....
(2) Assumed Insurance Risks	....	$ ....
a. ILS Contracts as Issuer	....	$ ....
b. ILS Contracts as Ceding Insurer	....	$ ....
c. ILS Contracts as Counterparty		

22. Events Subsequent

Refer to *SSAP No. 9—Subsequent Events* for accounting guidance.

Instruction:

Subsequent events shall be considered either:

Type I – Recognized Subsequent Events:

Events or transactions that provide additional evidence with respect to conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

Type II – Nonrecognized Subsequent Events:

> Events or transactions that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose after that date.

For material Type I subsequent events, the nature and the amount of the adjustment shall be disclosed only if necessary to keep the financial statements from being misleading.

Material Type II subsequent events shall not be recorded in the financial statements, but shall be disclosed in the notes to the financial statements. For such events, an entity shall disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

An entity also shall consider supplementing the historical financial statements with pro forma financial data. Occasionally, a nonrecognized subsequent event may be so significant that disclosure can best be made by means of pro forma financial data. Such data shall give effect to the event as if it had occurred on the balance sheet date. In some situations, an entity also shall consider presenting pro forma statements. If the Type II subsequent event is of such a nature that pro forma disclosures are necessary to keep the financial statements from being misleading, disclose supplemental pro forma financial data including the impact on net income, surplus, total assets, and total liabilities giving effect to the event as if it occurred on the date of the balance sheet.

For the annual reporting period ending December 31, 2013, and thereafter, a reporting entity subject to the assessment under Section 9010 of the Federal Affordable Care Act shall provide a disclosure of the assessment payable in the upcoming year consistent with the guidance provided under *SSAP No. 9—Subsequent Events* for a Type II subsequent event. The disclosure shall provide information regarding the nature of the assessment and an estimate of its financial impact, including the impact on its risk-based capital position as if it had occurred on the balance sheet date. In accordance with SSAP No. 9, the reporting entity shall also consider whether there is a need to present pro forma financial statements regarding the impact of the assessment, based on its judgment of the materiality of the assessment.

Reporting entities shall disclose the dates through which subsequent events have been evaluated along with the dates the statutory reporting statements were issued, or available to be issued.

Additionally, for annual reporting periods ending on or after December 31, 2014, the reporting entity shall disclose the amounts reflected in special surplus in the data year. The disclosure shall provide information regarding the nature of the assessment, the estimated amount of the assessment payable for the upcoming year (current year and the prior year), amount of assessment paid (current and prior year) and written premium (current and prior year) that is the basis for the determination of the Section 9010 fee assessment to be paid in the subsequent year (net assessable premium). The disclosure should also provide the Total Adjusted Capital before and after adjustment (as reported in its estimate of special surplus applicable to the Section 9010 fee) and Authorized Control Level (in dollars) to reflect the fee as of the annual reporting date as if it had been reported on the balance sheet date. The reporting entity shall also provide a statement as to whether an RBC action level would have been triggered had the fee been reported as of the balance sheet date.

Illustration:

Type I – Recognized Subsequent Events:

> Subsequent events have been considered through __/__/__ for the statutory statement issued on __/__/__.
>
> On February 1, 20___, a settlement was reached in a major lawsuit against the Company. In conjunction with the lawsuit, the Company estimated and recorded a liability of $_______ on Line ___ of the Liabilities, Surplus and Other Funds page. The actual settlement amount of $_______ was paid to the plaintiff on February 10. The change will be recorded in the First Quarter Statement on Line ___ of the Statement of Income.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through __/__/__ for the statutory statement issued on __/__/__.

The Company faces loss exposure from the January 15, 20___ earthquake in the State of __________. This exposure is primarily in the Company's property and casualty subsidiaries, but also includes potential losses on its real estate and mortgage loan portfolios. Based on a review of the range of expected loss, the Company does not believe this event will have a material impact on its financial condition.

On January, 1, 2019, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2018, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2019, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2019 to be $_____. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by____. Reporting the ACA assessment as of December 31, 2018, would not have triggered an RBC action level.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR LINES A THROUGH H IN THE TABLE BELOW IF APPLICABLE. THIS DOES NOT INCLUDE THE NARRATIVE FOR THE ILLUSTRATION SHOWN ABOVE. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

		Current Year	Prior Year
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	____________	
B.	ACA fee assessment payable for the upcoming year	$ ____________	$ ____________
C.	ACA fee assessment paid	$ ____________	$ ____________
D.	Premium written subject to ACA 9010 assessment	$ ____________	$ ____________
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 28)	$ ____________	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 28 minus 22B above)	$ ____________	
G.	Authorized Control Level (Five-Year Historical Line 29)	$ ____________	
H.	Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)?	____________	

23. Reinsurance

Instruction:

A. Unsecured Reinsurance Recoverables

If the company has with any individual reinsurers (authorized, unauthorized or certified), an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the company's policyholder surplus, list each individual reinsurer and the unsecured aggregate recoverable pertaining to that reinsurer. If the individual reinsurer is part of a group, list the individual reinsurers, each of its related group members having reinsurance with the reporting company, and the total unsecured aggregate recoverables for the entire group.

Include: The NAIC group code number, where appropriate, and the Federal Employer Identification Number for each individual company.

B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute by reason of notification, arbitration or litigation shall be identified in the schedule if the amounts in dispute from any company (and/or affiliate) exceeds 5% of the ceding company's policyholder's surplus or if the aggregate of all disputed items exceeds 10% of the ceding company's policyholders surplus. "Notification" means a formal written communication from a reinsurer denying the validity of coverage. Funds held under reinsurance arrangements should not be used to reduce reinsurance recoverables in dispute.

C. Reinsurance Assumed and Ceded

(1) Report the maximum amount of return commission that would have been due reinsurers if they or you had canceled all of your company's reinsurance or if you or a receiver had canceled all of your company's insurance assumed as of the end of the period covered by this annual statement with the return of the unearned premium reserve. Equity amounts should be computed by applying the fixed or provisional commission rate for each contract to the unearned premium reserve.

(2) Report the additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements.

(3) Disclose the types of risks attributed to each of the company's protected cells, the ultimate amount of exposures covered, and the fair value of the underlying assets as of the annual statement date for each of the company's protected cells.

D. Uncollectible Reinsurance

(1) Describe uncollectible reinsurance written off during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

a. Losses incurred
b. Loss adjustment expenses incurred
c. Premiums earned
d. Other

E. Commutation of Ceded Reinsurance

Describe commutation of ceded reinsurance during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s):

(1) Losses incurred

(2) Loss adjustment expenses incurred

(3) Premiums earned

(4) Other

F. Retroactive Reinsurance

(1) Provide the following information for all retroactive reinsurance agreements that transfer liabilities for losses that have already occurred and that will generate special surplus transactions:

a. Reserves transferred.
   1. Initial Reserves
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Total

b. Consideration paid or received.
   1. Initial Consideration
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Total

c. Paid losses reimbursed or recovered.
   1. Prior Year(s)
   2. Current Year
   3. Current Total

d. Special surplus from retroactive reinsurance.
   1. Initial Surplus Gain or Loss
   2. Adjustments – Prior Year(s)
   3. Adjustments – Current Year
   4. Current Year Restricted Surplus
   5. Cumulative Total Transferred to Unassigned Funds

e. A list of all cedents and reinsurers included in items a through d showing the assumed and ceded amounts.

f. List the total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers) and for amounts recoverable the collateral held (for unauthorized and certified reinsurers).

The insurer (assuming or ceding) shall assign a unique number to each retroactive reinsurance agreement and shall utilize this number for as long as the agreement exists. Do not report transactions utilizing deposit accounting in this note.

G. Reinsurance Accounted for as a Deposit

Describe all reinsurance agreements that have been accounted for as deposits, including the disclosure of any adjustment of the amounts initially recognized for expected recoveries. The individual components of the adjustment (e.g., interest accrual, change due to a change in estimated or actual cash flow) shall be disclosed separately.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

(1) Disclose if the reporting entity has entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to *SSAP No. 62R—Property and Casualty Reinsurance* to receive P&C Run-off Accounting Treatment.

(2) If affirmative, provide a description of the agreement and the amount of consideration paid and liabilities transferred.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating Was Downgraded or Status Subject to Revocation

Disclose the impact on any reporting period in which a certified reinsurer's rating has been downgraded or its certified reinsurer status is subject to revocation and additional collateral has not been received as of the filing.

a. Disclose the following information related to certified reinsurers downgraded or status subject to revocation.

- Name of certified reinsurer downgraded or subject to revocation of certified reinsurer status and relationship to the reporting entity;
- Date of downgrade or revocation and jurisdiction of action;
- Collateral percentage requirements pre and post downgrade or revocation;
- Net ceded recoverable subject to collateral; and
- Additional collateral required but not received as of the filing date.

b. Disclose impact to the reporting entity as a result of the assuming entity's downgrade or revocation of certified reinsurer status. This amount can be estimated if applicable for quarterly reporting but should be an actual amount for annual reporting. See *SSAP No. 62R—Property and Casualty Reinsurance* for additional guidance.

(2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

U.S. domiciled reinsurers are eligible for certified reinsurer status. If the reporting entity is a certified reinsurer, the financial statements shall disclose the impact on any reporting period in which its certified reinsurer rating is downgraded or status as a certified reinsurer is subject to revocation.

a. Disclose the following information when the reporting entity's certified reinsurer rating is downgraded or status subject to revocation.

- Date of downgrade or revocation and jurisdiction of action;
- Collateral percentage requirements pre and post downgrade or revocation;
- Net ceded recoverable subject to collateral;
- Additional collateral required but not yet funded by the reporting entity as of the filing date.

b. The reporting entity shall disclose the impact on any reporting period in which its certified reinsurer rating is downgraded or status as a certified reinsurer is subject to revocation and the expectation of the reporting entity of its ability to meet the increased requirements.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

The financial statements shall disclose the following with respect to retroactive reinsurance agreements covering asbestos and pollution liabilities which qualify for reinsurer aggregation in accordance with *SSAP No. 62R—Property and Casualty Reinsurance*:

(1) A description of the significant terms of the retroactive reinsurance agreement, including established limits and collateral, and

(2) The amount of unexhausted limit as of the reporting date.

To the extent that the domestic state insurance department approves the use of the retroactive contract covering asbestos and pollution liabilities as an acceptable form of security related to the original reinsurers under the applicable provisions of the state's credit for reinsurance law, the use of such discretion shall be disclosed in the annual statement Note 1 (see example below) as a prescribed or permitted practice. In addition, Note 1 shall disclose as part of the total impact on the provision for reinsurance the impact on the overdue aspects of the calculation if the reporting entity also receives commissioner approval pursuant to *SSAP No. 62R—Property and Casualty Reinsurance* related to overdue paid amounts (both authorized and unauthorized).

Example Disclosure for Note 1:

The (state of domicile) department of insurance has approved the use of a retroactive reinsurance contract with ABC Reinsurance Company covering asbestos and pollution liabilities in accordance with the provisions *SSAP No 62R—Property and Casualty Reinsurance* and the commissioners discretion under the credit for reinsurance model law to approve the use of other collateral acceptable to the commissioner regarding the original unauthorized reinsurers. The use of these two permissions allows the reporting entity to substitute original reinsurer balances on Schedule F based on the timeliness of the pay status of the retroactive counterparty. The use of other acceptable collateral and the use of the pay status of the retroactive counterparty have reduced the provision for reinsurance. The total reduction of the provision for reinsurance is $________. Accordingly the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts detailing the balances of the original reinsures has been completed.

<u>Illustration</u>:

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Reinsurance Recoverable in Dispute

Name of Reinsurer	Total Amount in Dispute (Including IBNR)	Notification	Arbitration	Litigation
A–Reinsurer	$ ______	$ ______	$ ______	$ ______
B–Reinsurer	$ ______	$ ______	$ ______	$ ______
C–Reinsurer	$ ______	$ ______	$ ______	$ ______

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C. Reinsurance Assumed and Ceded

(1)

		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
b.	All Other	______	______	______	______	______	______
c.	TOTAL	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______
d.	Direct Unearned Premium Reserve			$ ______			

Line (c) of Ceded Reinsurance Premium Reserve Column must equal Page 3, Line 9, first inside amount.

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(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements is accrued as follows:

REINSURANCE

		Direct	Assumed	Ceded	Net
a.	Contingent Commission	$ ______	$ ______	$ ______	$ ______
b.	Sliding Scale Adjustments	$ ______	$ ______	$ ______	$ ______
c.	Other Profit Commission Arrangements	$ ______	$ ______	$ ______	$ ______
d.	TOTAL	$ ______	$ ______	$ ______	$ ______

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(3)

Protected Cell Name	Covered Exposure	Ultimate Exposure Amount	Fair Value of Assets as of December 31	Initial Contact Date of Securitization Instrument	Maturity Date of Securitized Instrument
Alpha Protected Cell	Southeast Wind	$500,000,000	$504,638,850	June 1, 20[illegible]	February 1, 2000
Total	XXX	$500,000,000	$504,638,850	XXX	XXX

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D. Uncollectible Reinsurance

(1) The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: $______, which is reflected as:

a. Losses incurred $ ____________

b. Loss adjustment expenses incurred $ ____________

c. Premiums earned $ ____________

d. Other $ ____________

e. Company — Amount

Company	Amount
XYZ	$ ____________
ZYX	$ ____________

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E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1) Losses incurred $ ____________

(2) Loss adjustment expenses incurred $ ____________

(3) Premiums earned $ ____________

(4) Other $ ____________

(5) Company — Amount

Company	Amount
XYZ	$ ____________
ZYX	$ ____________

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F. Retroactive Reinsurance

(1)

	Reported Company	
As:	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$ ________	$ ________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Total	$ ________	$ ________
b. Consideration Paid or Received:		
1. Initial Consideration	$ ________	$ ________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Total	$ ________	$ ________
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year(s)	$ ________	$ ________
2. Current Year	________	________
3. Current Total	$ ________	$ ________
d. Special Surplus from Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$ ________	$ ________
2. Adjustments – Prior Year(s)	________	________
3. Adjustments – Current Year	________	________
4. Current Year Restricted Surplus	________	________
5. Cumulative Total Transferred to Unassigned Funds	$ ________	$ ________

e. All cedents and reinsurers involved in all transactions included in summary totals above:

Company	Assumed Amount	Ceded Amount
________	$ ________	$ ________
________	________	________
________	________	________
________	________	________
Total	$ ________ *	$ ________ *

* Total amounts must agree with totals in a.4 above. Include the NAIC Company Code or Alien Insurer Identification Number for each insurer listed.

f. Total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized, unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized reinsurers:

1. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
	$	$
Total	$	$

2. Unauthorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
		$	$
Total	$	$	$

3. Certified Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
		$	$
Total	$	$	$

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(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

G. Reinsurance Accounted for as a Deposit

The company entered into a reinsurance agreement determined to be of a deposit type nature on November 1, 20__. Upon inception of the contract, the company recorded a deposit asset of $1,000 and the assuming company, a $1,000 deposit liability. At the reporting date, the company had a remaining deposit balance of $331, after taking into account interest income of $18 and cash recoveries of $175 realized in the year reported. The company reevaluated the effective yield of the deposit asset in 20__ and determined that effective yield was more appropriately stated at 3.63%.

Description	Interest Income	Cash Recoveries	Deposit Balance
Initial Payment			$ 1,000
Year 1 (4%)	$ 40		$ 1,040
End of Year 20___		$ (225)	$ 815
Year 2 (4%)	$ 33		$ 848
End of Year 20___		$ (200)	$ 648
Yield Adjustment	$ (8)		$ 640
Year 3 (3.63%)	$ 23		$ 663
End of Year 20___		$ (175)	$ 488
Year 4 (3.63%)	$ 18		$ 506
End of Year 20___		$ (175)	$ 331

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating Was Downgraded or Status Subject to Revocation

a.

Name of Certified Reinsurer	Relationship to Reporting Entity	Date of Action	Jurisdiction of Action	Collateral Percentage Requirement		Net Obligation Subject to Collateral	Collateral Required (but not Received)
				Before	After		

b Our domiciliary state downgraded reinsurers ABC and XYZ effective December 15, of the reporting period. As of the filing date, the additional collateral amount of $5 million has not been received. Reinsurers ABC and XYZ have indicated their intent to provide the collateral by the required date. This collateral deficiency is expected to have a minimal impact, as the reinsurers do not provide a significant amount of reinsurance coverage for the reporting entity.

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(2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

a.

Date of Action	Jurisdiction of Action	Collateral Percentage Requirement		Net Obligation Subject to Collateral	Collateral Required (but not yet Funded)
		Before	After		
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....
....	....	....	....	....	....

b. We are required to submit additional Collateral of $30 million by March 1 and have sufficient liquid assets to meet this obligation.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

(1) In 2012, the Company entered into a retroactive loss portfolio transfer reinsurance agreement with ABC Reinsurance Company, which provides coverage up to a limit of $100 million for asbestos and pollution exposures. ABC Reinsurance Company also administers claims and pursues amounts recoverable from prior reinsurers with respect to paid losses and loss adjustment expenses. To the extent that the prior reinsurers pay, the amounts are collected and retained by ABC Reinsurance Company. Schedule F reflects counterparty substitution of ABC Reinsurer in place of original reinsurance counterparties. The Schedule F Supplemental Schedule for Counterparty Reporting Exception – Asbestos and Pollution Exposures details all substituted amounts including amounts that have been paid by ABC Reinsurance Company and are recoverable from prior reinsurers. ABC Reinsurance Company maintains funds in trust for the remaining limits on the contract.

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(2) The amount of unexhausted limit as of the reporting date.

Name of Reinsurer	Amount of Unexhausted Limit
....	$ ....
....	$ ....
....	$ ....
....	$ ....

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Instruction:

A. Disclose the method used by the reporting entity to estimate accrued retrospective premium adjustments. (See Illustrations 1 and 2.)

B. Disclose whether accrued retrospective premiums are recorded through written premium or as an adjustment to earned premium.

C. Disclose the amount of net premiums written that are subject to retrospective rating features, as well as the corresponding percentage to total net premiums written. (See Illustrations 1 and 2.)

This disclosure should include all business that is subject to the accounting guidance provided in SSAP No. 66 (including business that is subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act). (See Illustration 3)

D. Disclose the following amounts for medical loss ratio rebates required pursuant to the Public Health Service Act for the current reporting period year-to-date and prior reporting period year: incurred rebates, amounts paid and unpaid liabilities segregated into the following categories: individual, small group employer, large group employer and other. In addition, the impact of reinsurance assumed, ceded and net d on the total medical loss ratio rebate shall be disclosed.

For the purpose of this disclosure only, "current reporting period year to date" means amounts paid during the current reporting year-to-date regardless of when the rebates were originally earned, and liabilities as of the end of the current reporting period year-to-date for all unpaid rebates regardless of when those rebates were originally earned. "Prior year reporting period" means the amounts that were reported as of the end of the prior reporting year, without any adjustments to reflect additional experience. "Incurred" means amounts paid during the current period plus the unpaid liability at the end of the period, minus the unpaid liability at the end of the prior reporting year; the incurred amount, therefore, will include any true-ups to the prior year reporting period liability.

E. Disclose the calculation of nonadmitted retrospective premium. Include an appropriate exhibit. (See Illustration 4.)

F. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Reporting entities shall also indicate if they wrote any accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions. In the event that the balances are zero, the reporting entity should provide context to explain the reasons for the zero balances, including insufficient data to make an estimate, no balances or premium was excluded from the program, etc.

NOTE: Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the Affordable Care Act risk-sharing provisions **MUST** complete the tables illustrated for the disclosures below, even if all amounts in the illustrated table are zero.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

The financial statements shall disclose the admitted assets, liabilities and revenue elements by program regarding the risk-sharing provisions of the Affordable Care Act for the reporting periods that are impacted by programs. The disclosure should include the following:

- Permanent ACA Risk Adjustment Program
  - Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)
  - Risk adjustment user fees payable for ACA Risk Adjustment
  - Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)
  - Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment
  - Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)
- Transitional ACA Reinsurance Program
  - Amounts recoverable for claims paid due to ACA Reinsurance
  - Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)
  - Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance
  - Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium
  - Ceded reinsurance premiums payable due to ACA Reinsurance
  - Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance
  - Ceded reinsurance premiums due to ACA Reinsurance
  - Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments
  - ACA Reinsurance contributions – not reported as ceded premium
- Temporary ACA Risk Corridors Program
  - Accrued retrospective premium due to ACA Risk Corridors
  - Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors
  - Effect of ACA Risk Corridors on net premium income (paid/received)
  - Effect of ACA Risk Corridors on change in reserves for rate credits

(3) Roll-Forward of Prior Year ACA Risk-Sharing Provisions

A roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances shall be disclosed, along with the reasons for adjustments (e.g., federal audits, revised participant counts, information which impacted risk score projections, etc.) to prior year balance.

- Permanent ACA Risk Adjustment Program
  - Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)
  - Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)
- Transitional ACA Reinsurance Program
  - Amounts recoverable for claims paid due to ACA Reinsurance
  - Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)
  - Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance
  - Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium
  - Ceded reinsurance premiums payable due to ACA Reinsurance
  - Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance
- Temporary ACA Risk Corridors Program
  - Accrued retrospective premium due to ACA Risk Corridors
  - Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Provide an additional roll-forward of the risk corridors asset and liability balances and subsequent adjustments by program benefit year. The beginning receivable or payable in the roll-forward will reflect the prior year-end balance for the specified benefit year.

(5) ACA Risk Corridors Receivable as of Reporting Date

The following information is required for risk corridors balances by program benefit year:

- Estimated amount to be filed or final amounts filed with federal agency;
- Amounts impaired or amounts not accrued for other reasons (not withstanding collectability concerns);
- Amounts received from federal agency;
- Asset balance gross of nonadmission;
- Nonadmitted amounts;
- Net admitted assets.

Illustration 1:

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. See Schedule P, Part 7A.

Illustration 2:

A. The Company estimates accrued retrospective premium adjustments by using the application of historical ratios of retrospective rated premium development to standard earned premium to develop a ratio. This ratio is then applied to those policies for which no retrospective calculation has been recorded or for which future retrospective premium adjustments are expected.

B. The Company records accrued retrospective premium as an adjustment to earned premiums.

C. See Schedule P, Part 7A.

Illustration 3:

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D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred					
(2) Medical loss ratio rebates paid					
(3) Medical loss ratio rebates unpaid					
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred					
(8) Medical loss ratio rebates paid					
(9) Medical loss ratio rebates unpaid					
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	

Illustration 4:

E.

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(1) For Ten Percent (10%) Method of Determining Nonadmitted Retrospective Premium

Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by *SSAP No. 66—Retrospectively Rated Contracts* has been nonadmitted.

a.	Total accrued retro premium	$	________
b.	Unsecured amount		________
c.	Less: Nonadmitted amount (10%)		________
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted		________
e.	Admitted amount (a) – (c) – (d)	$	________

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(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(2) For Quality Rating Method of Determining Nonadmitted Retrospective Premium

During 20__, The Company received permission from its domiciliary insurance commissioner to change its method of determining nonadmitted retrospective premium. For the year ended December 31, 20__, the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves) or collateral as permitted by the *SSAP No. 66—Retrospectively Rated Contracts* has been nonadmitted based on quality rating of the insured. A summary by quality rating is as follows:

	Insured's Current Quality Rating	(1) Total Amount	(2) Unsecured Balances	%	(3) Nonadmitted Amount (2) x %	(4) Admitted Amount (1) – (3)
a.	1	$ ________	$ ________	1%	$ ________	$ ________
b.	2	________	________	2%	________	________
c.	3	________	________	5%	________	________
d.	4	________	________	10%	________	________
e.	5	________	________	20%	________	________
f.	6	________	________	100%	________	________
g.	Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted				________	________
h.	Total (a) through (f) – (g)	$ ________	$ ________		$ ________	$ ________

(to page 2)

F. Risk-Sharing Provisions of the Affordable Care Act (ACA)

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

NOTE: Any reporting entity that reports accident and health insurance premium and losses on their statement that is subject to the federal Affordable Care Act risk-sharing provisions <u>MUST</u> complete the tables (24F(2) through 24F(5)) illustrated below, even if all amounts in the table are zero.

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? __________

The company had zero balances for the risk corridors program due to lack of sufficient data to estimate the recoverable amounts.

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

		AMOUNT
a. Permanent ACA Risk Adjustment Program		
Assets		
1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	$	
Liabilities		
2. Risk adjustment user fees payable for ACA Risk Adjustment	$	
3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	$	
Operations (Revenue & Expense)		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$	
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	$	
b. Transitional ACA Reinsurance Program		
Assets		
1. Amounts recoverable for claims paid due to ACA Reinsurance	$	
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	$	
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	$	
Liabilities		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$	
5. Ceded reinsurance premiums payable due to ACA Reinsurance	$	
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$	
Operations (Revenue & Expense)		
7. Ceded reinsurance premiums due to ACA Reinsurance	$	
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$	
9. ACA Reinsurance contributions – not reported as ceded premium	$	

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors $ __________

Liabilities

2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors $ __________

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) $ __________

4. Effect of ACA Risk Corridors on change in reserves for rate credits $ __________

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high-risk pool payments)	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	A	$ ______	$ ______
2. Premium adjustments (payable) (including high-risk pool premium)	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	B	$ ______	$ ______
3. Subtotal ACA Permanent Risk Adjustment Program	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______		$ ______	$ ______
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	C	$ ______	$ ______
2. Amounts recoverable for claims unpaid (contra liability)	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	D	$ ______	$ ______
3. Amounts receivable relating to uninsured plans	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	E	$ ______	$ ______
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	F	$ ______	$ ______
5. Ceded reinsurance premiums payable	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	G	$ ______	$ ______
6. Liability for amounts held under uninsured plans	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	H	$ ______	$ ______
7. Subtotal ACA Transitional Reinsurance Program	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______		$ ______	$ ______
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	I	$ ______	$ ______
2. Reserve for rate credits or policy experience rating refunds	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	J	$ ______	$ ______
3. Subtotal ACA Risk Corridors Program	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______		$ ______	$ ______
d. Total for ACA Risk-Sharing Provisions	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______		$ ______	$ ______

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

I ....

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	A	$ ______	$ ______
2. Reserve for rate credits or policy experience rating refunds	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	B	$ ______	$ ______
b. 2015											
1. Accrued retrospective premium	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	C	$ ______	$ ______
2. Reserve for rate credits or policy experience rating refunds	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	D	$ ______	$ ______
c. 2016											
1. Accrued retrospective premium	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	E	$ ______	$ ______
2. Reserve for rate credits or policy experience rating refunds	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	F	$ ______	$ ______
d. Total for Risk Corridors	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______	$ ______		$ ______	$ ______

Explanations of Adjustments

A ....

B ....

C ....

D ....

E ....

F ....

24F(4)d (Columns 1 through 10) should equal 24F(3)e3 (Column 1 through 10 respectively)

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non-admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	$	$	$	$	$	$ ....
b. 2015	$	$	$	$	$	$ ....
c. 2016	$	$	$	$	$	$
d. Total (a+b+c)	$	$	$	$	$	$

24F(5)d (Column 4) should equal 24F(3)e1 (Column 9)
24F(5)d (Column 6) should equal 24F(2)e1

25. Changes in Incurred Losses and Loss Adjustment Expenses

Instruction:

A. Describe the reasons for changes in the provision for incurred loss and loss adjustment expenses attributable to insured events of prior years. The disclosure should indicate whether additional premiums or return premiums have been accrued as a result of the prior-year effects (if applicable).

B. Information about significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses, including reasons for the change and the effects on the financial statements for the most recent reporting period presented.

Illustration:

A. Reserves as of December 31, 2___ were $_____ million. As of ___ __, 2___, $_____ million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $_____ million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on yyy and zzz lines of insurance. Therefore, there has been a $_____ million unfavorable (favorable) prior-year development since December 31, 2___ to ___ __, 2___. The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this increase (decrease), the Company experienced $__________ million of unfavorable (favorable) prior year loss development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

26. Intercompany Pooling Arrangements

Disclose information relating to intercompany pooling arrangements. Refer to *SSAP No. 63—Underwriting Pools* for accounting guidance.

Instruction:

If the reporting entity is part of a group of affiliated entities that utilizes a pooling arrangement that affects the solvency and integrity of the reporting entity's reserves under which the pool participants cede substantially all of their direct and assumed business to the pool, describe the basic terms of such arrangement[s] and the related accounting. The disclosure should include:

A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business.

B. Description of the lines and types of business subject to the pooling agreement.

C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity.

D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants.

F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, of the Provision for Reinsurance (Schedule F, Part 3) and the write-off of uncollectible reinsurance.

G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date.

27. Structured Settlements

Instruction:

A. Disclose the amount of reserves no longer carried by the reporting entity because it has purchased annuities with the claimant as payee and to the extent to which the reporting entity is contingently liable for such amounts should the issuers of the annuities fail to perform under the terms of the annuities.

B. Disclose the name and location of the insurance company and the aggregate statement value of annuities due from any life insurer to the extent that the aggregate value of those annuities equals or exceeds 1% of policyholders' surplus. Include only annuities for which the company has not obtained a release of liability from the claimant as a result of the purchase of an annuity. Also, disclose whether the life insurers are licensed in the company's state of domicile.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (A & B) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A.

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
$ ____________	$ ____________

B.

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes/No	Statement Value (i.e., Present Value) of Annuities
		$
		$
		$

28. Health Care Receivables

Instruction:

A. In accordance with *SSAP No. 84—Health Care and Government Insured Plan Receivables*, the financial statement shall disclose the method used by the reporting entity to estimate pharmaceutical rebate receivables. For the most recent three years and for each quarter therein, the reporting entity shall disclose the following:

- Estimated balance of pharmacy rebate receivable as reported on the financial statements;
- Pharmacy rebates as billed or otherwise confirmed; and
- Pharmacy rebates received.

B. The financial statements shall disclose the method used by the reporting entity to estimate its risk sharing receivables. To the extent that receivable and payable with the same provider are netted, the reporting entity shall disclose the gross receivable and payable balances. For the most recent three years, the reporting entity shall disclose the following:

- Estimated balance of risk sharing receivables as reported on the prior year financial statements for evaluation periods ending in the current year;
- Estimated balance of risk sharing receivables as reported on the financial statements for evaluation periods ending in the current year and the following year;
- Risk sharing receivables billed as determined after the annual evaluation period;
- Risk sharing receivables not yet billed; and
- Amounts received from providers as payments under risk sharing contracts.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2018	$ 150	$ 147			
9/30/2018	130	133	$ 62		
6/30/2018	142	143	70	$ 55	
3/31/2018	157	152	65	42	$ 20
12/31/2017	125	132	[illegible]	27	20
9/30/2017	123	129	62	31	14
6/30/2017	112	120	54	20	16
3/31/2017	110	118	57	39	20
12/31/2016	68	75	34	20	10
9/30/2016	60	[illegible]	27	17	10
6/30/2016	57	60	31	15	10
3/31/2016	45	50	25	18	7

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received – All Other
2018	2018	$ 24	$ 237	$ 155	$ 77	$ 0			
	2019	XXX	$ 189	XXX	XXX	XXX	XXX		
2017	2017	$ 223	$ 225	$ 232	$ 0	$ 0	$ 140		
	201[illegible]	XXX	$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2016	2016								
	2017	$ 190	$ 178	$ 174	$ 0	$ 0	$ 125	$ 50	
2017	2017	XXX	$ 223	XXX	XXX	$ XXX	XXX	XXX	XXX

29. Participating Policies

Instruction:

For all participating contracts other than property/casualty contracts, reporting entities shall disclose the following:

- The relative percentage of participating insurance;
- The method of accounting for policyholder dividends;
- The amount of dividends;
- The amount of any additional income allocated to participating policyholders.

Refer to *SSAP No. 51R—Life Contracts* and *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Illustration:

For the reporting year ended 20__, premiums under individual and group accident and health participating policies were $__________, or ______% of total individual group and accident and health premiums earned. The Company accounts for its policyholder dividends based upon _________. The Company paid dividends in the amount of $__________ to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

Instruction:

For all accident and health contracts and property/casualty contracts, the reporting entity shall disclose the amount of premium deficiency reserves, the date of evaluation for premium deficiency reserves, and whether anticipated investment income was utilized as a factor in the premium deficiency calculation.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

1. Liability carried for premium deficiency reserves	$____________________
2. Date of the most recent evaluation of this liability	____________________
3. Was anticipated investment income utilized in the calculation?	Yes ☐ No ☐

31. High Deductibles

Instruction

SSAP No. 65—Property and Casualty Contracts does not define what a high deductible policy is. The definition of what is a high deductible policy should be that used by state.

A. The financial statements shall disclose the following related to high deductible policies:

- Gross (of high deductible) amount of loss reserves, unpaid by line of business.

  NOTE: The reference to the "gross loss reserves" normally only includes direct business (excluding reinsurance) because amounts below the deductible are rarely ceded to external reinsurers. However, if amounts under the high deductible layer are not retained by the ceding insurer under either external or internal reinsurance arrangements such as intercompany pools, the "gross (of high deductible) amount of loss reserves" should reflect amounts net of such reinsurance.

- The amount of reserve credit that has been recorded for high deductible on unpaid claims and the amounts that have been billed and are recoverable on paid claims, by line of business and the total of these two numbers.

- Related to amounts that have been billed and are recoverable on paid claims.

  - Paid recoverable amounts that are over 90 days overdue and

  - The amounts nonadmitted (per paragraph 3[illegible]).

- Total collateral pledged to the reporting entity related to deductible and paid recoverables.

  - The amount of collateral on balance sheet and

  - The amount of collateral off balance sheet.

- The total amount of unsecured high deductible amounts related to unpaid claims and for paid recoverables and the total percentage that is unsecured.

- Highest ten unsecured high deductible amounts by counterparty ranking. Note that the counterparty does not have to be named, just amount by counterparty 1, counterparty 2, etc. For this purpose, a group of entities under common control shall be regarded as a single customer.

  NOTE: The disclosure is trying to capture total counterparty risk to the policyholder. Therefore, the total amount of deductible that is netted from the reserve and the billed recoverable from the policyholder should be the reported.

B. Unsecured High Deductible Recoverables: If the individual obligor is part of a group under the same management or control, such as a professional employer organization (PEO), list the individual obligors, and its related group members, and the total unsecured aggregate recoverables on high deductible policies for the entire group that are greater than 1% of capital and surplus. For this purpose, a group of entities under common control shall be regarded as a single customer.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

A. Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles

(1) Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims

1	2	3	4	5
Annual Statement Line of Business	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables (Col 3 + Col 4)
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
....	....	....	....	....
Total........	....	....	....	....

"NOTE: For Column 1 – Annual Statement Line of Business (ASL), provide both the line number and description in the column. (e.g., 11.1 Medical Professional Liability – Occurrence). The ASL number should be provided before the ASL description."

(2) Unsecured Amounts of High Deductibles

a. Total high deductibles and billed recoverables on paid claims <u>(should equal total line for Column 5 for A(1) above)</u> $ ....

b. Collateral on balance sheet (must be equal to or greater than zero) $ ....

c. Collateral off balance sheet (must be equal to or greater than zero) $ ....

d. Total unsecured deductibles and billed recoverables on paid claims d=a-(b+c) (must be equal to or greater than zero) $ ....

e. Percentage unsecured ....%

(3) High Deductible Recoverables Amounts on Paid Claims

a. Amount of overdue nonadmitted (either due to aging or collateral) $ ....

b. Total over 90 days overdue admitted $ ....

c. Total overdue (a+b) $ ....

(4) The Deductible Amounts for the Highest Ten Unsecured High Deductible Policies

Counterparty Ranking	Top Ten Unsecured High Deductibles Amounts
Counterparty 1..	$ ....
Counterparty 2..	$ ....
Counterparty 3..	$ ....
Counterparty 4..	$ ....
Counterparty 5..	$ ....
Counterparty 6..	$ ....
Counterparty 7..	$ ....
Counterparty 8..	$ ....
Counterparty 9..	$ ....
Counterparty 10..	$ ....

Note: The counterparty is not named, just amount by counterparty 1, counterparty 2, etc. For this purpose, a group of entities under common control shall be regarded as a single customer.

B. Unsecured High Deductible Recoverables for Individual Obligors Part of a Group Under the Same Management or Control Which Are Greater Than 1% of Capital and Surplus. For this purpose, a group of entities under common control shall be regarded as a single customer.

(1) Total Group Unsecured Aggregate Recoverable

Group Name	Total Unsecured Aggregate Recoverable
....,	$,..........................
....	$ ....
....	$ ....
....	$ ....
....	$ ....

(2) Obligors and Related Members in the Group

Group Name	Obligors and Related Group Members
....,	....,
....	....
....	....
....	....
....	....

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Instruction:

State whether or not any of the liabilities for unpaid losses or unpaid loss adjustment expenses are discounted, including liabilities for Workers' Compensation. If the company is required to respond to this note in the affirmative for non-tabular discounting, it must also respond in the affirmative to Schedule P Interrogatory 4, and complete Columns 32 and 33 of Part 1, Part 1A, etc., of Schedule P.

If the answer is in the affirmative, furnish the following information for each line of business affected:

A. If a tabular basis is used:

- Identify table used.
- Rate(s) used to discount.
- The amount of discounted liability reported in the financial statements.
- The amount of tabular discount, disclosed by line of business and reserve category (i.e., case and IBNR).
- The amount of interest accretion recognized in the Statement of Income.
- The line item(s) in the Statement of Income in which the interest accretion is classified.

Definition of Tabular Reserves:

Tabular reserves by accident year are indemnity reserves that are calculated using discounts determined with reference to actuarial tables that incorporate interest and contingencies such as mortality, remarriage, inflation, or recovery from disability applied to a reasonably determinable payment stream. This definition shall not include medical loss reserves or any loss adjustment expense reserves.

B. If a non-tabular basis is used:

- Rate(s) used to discount and the basis for the rate(s) used.
- Amount of non-tabular discount disclosed by line of business and reserve category (i.e., case, IBNR, Defense & Cost Containment Expense and Adjusting & Other Expense).
- The amount of non-tabular discounted liability reported in the annual statement.

C. If the rate(s) used to discount prior accident years' liabilities have changed from the prior annual statement or if there have been changes in other key discount assumptions such as payout patterns:

(1) Amount of discounted current liabilities at current rate(s) assumptions(s). (Exclude the current accident year.)

(2) Amount of discounted current liabilities at previous rate(s) assumptions(s). (Exclude the current accident year.)

(3) Change in discounted liability due to change in interest rate(s) assumptions(s). (1 – 2)

(4) Amount of non-tabular discount, disclosed by line of business and reserve category (i.e., case, IBNR, Defense & Cost Containment expense and Adjusting & Other expense).

Illustration:

The Company discounts the liabilities for unpaid losses for Workers' Compensation and Medical Professional Liability claims. The Company does not discount unpaid loss adjustment expenses.

Reserves for Workers' Compensation claims have been discounted on a tabular basis using the __________ Table at ______%. The December 31, 20__ and December 31, 20__ liabilities include $__________ and $__________ of such discounted reserves, respectively. The Company recognized $ ___________ amount of interest accretion in the Statement of Income for the current year related to tabular discount on Lines ___________. The amount of discount for case and IBNR reserves at December 31, 20__ is as follows:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

A. Tabular Discount

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation		
5. Commercial Multiple Peril		
6. Medical Professional Liability – occurrence		
7. Medical Professional Liability – claims-made		
8. Special Liability		
9. Other Liability – occurrence		
10. Other Liability – claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity/Surety		
14. Other (Including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability – occurrence		
20. Products Liability – claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Warranty		
23. Total		

* Must exclude medical loss reserves and all loss adjustment expense reserves.

Medical Professional Liability unpaid losses have been discounted on a nontabular basis using rates of from ______% to______%. The discount rates used are based upon __________. The amount of the discount as of December 31, 20__ and December 31, 20__ respectively is $_________ and $ _________ for losses and $ ___________ and $ ___________ for loss adjustment expense. The amount of discount at December 31, 20__ for case, IBNR, Defense & Cost Containment expense and Adjusting & Other expense is as follows:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

B. Nontabular Discount

	1 Case	2 IBNR	3 Defense & Cost Containment Expense	4 Adjusting & Other Expense
1. Homeowners/Farm owners				
2. Private Passenger Auto Liability/Medical				
3. Commercial Auto/Truck Liability/Medical				
4. Workers' Compensation				
5. Commercial Multiple Peril				
6. Medical Professional Liability – occurrence				
7. Medical Professional Liability – claims-made				
8. Special Liability				
9. Other Liability – occurrence				
10. Other Liability – claims-made				
11. Special Property				
12. Auto Physical Damage				
13. Fidelity, Surety				
14. Other (including Credit, Accident & Health)				
15. International				
16. Reinsurance Nonproportional Assumed Property				
17. Reinsurance Nonproportional Assumed Liability				
18. Reinsurance Nonproportional Assumed Financial Lines				
19. Products Liability – occurrence				
20. Products Liability – claims-made				
21. Financial Guaranty/Mortgage Guaranty				
22. Warranty				
23. Total				

Columns in the table above should include medical loss reserves and all loss adjustment expense reserves, whether reported as tabular or nontabular in Schedule P.

The rates used to discount Medical Professional Liability unpaid losses at December 31, 20__ have changed from the rates used at December 31, 20__. At December 31, 20__, the amount of discounted Medical Professional Liability unpaid losses, excluding the current accident year, is $__________. Had these unpaid losses been discounted at the rates used at December 31, 20__ the amount of discounted liabilities would be $__________. The reduction in the discounted liability due to the change in rates is $__________.

This illustration neither regulates, permits, nor prohibits the practice of discounting liabilities for unpaid losses or unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

Instruction:

If the company is potentially exposed to asbestos and/or environmental claims, full disclosure of the reserving methodology for both case and IBNR reserves is required. Disclosure of the amount paid and reserved for losses and LAE for asbestos and/or environmental claims, on a direct, assumed, and net of reinsurance basis, is also required. The reserves disclosed in this note should exclude amounts relating to policies specifically written to cover asbestos and environmental exposures. Policies specifically written to cover these exposures include: Environmental Impairment Liability (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor's Pollution Liability, Consultant's Environmental Liability, and Pollution and Remediation Legal Liability.

Definition of Environmental Loss –

Any loss or potential loss (including third-party claims) related directly or indirectly to the remediation of a site arising from past operations or waste disposal.

Examples of Environmental Exposure

- Chemical Waste
- Hazardous Waste TSD Facilities (Treatment, Storage and/or Disposal)
- Industrial Waste Disposal Facilities
- Landfills
- Superfund
- Toxic Waste Pits
- Underground Storage Tanks

- **ALL FIGURES SHOULD BE ENTERED IN WHOLE DOLLAR AMOUNTS. Each company should report only its share of a group amount (after applying the pooling percentage, if the company is a member of an intercompany pooling agreement).**

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

Yes ( ) No ( )

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving for both reported and IBNR losses, and complete the following information.

For asbestos related losses (including coverage dispute costs) for each of the five most current calendar years provide the following:

(1) Direct Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________

b. Incurred losses and loss adjustment expenses: ______________

c. Calendar year payments for losses and loss adjustment expenses: ______________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________
Note: d = a + b – c

(2) Assumed Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________

b. Incurred losses and loss adjustment expenses: ______________

c. Calendar year payments for losses and loss adjustment expenses: ______________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ______________
Note: d = a + b – c

(3) Net of Ceded Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ______________

b. Incurred losses and loss adjustment expenses: ______________

c. Calendar year payments for losses and loss adjustment expenses: ______________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ______________
Note: d = a + b – c

B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

C. State the amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes ( ) No ( )

For environmental losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

(1) Direct Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

(2) Assumed Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

(3) Net of Ceded Reinsurance Basis:

a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________

b. Incurred losses and loss adjustment expenses: ____________

c. Calendar year payments for losses and loss adjustment expenses: ____________

d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): $ ____________
Note: d = a + b – c

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1) Direct Basis: $ ____________

(2) Assumed Reinsurance Basis: $ ____________

(3) Net of Ceded Reinsurance Basis: $ ____________

Illustration:

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ( )

Company XYZ's exposure to asbestos losses arises from the sale of general liability insurance.

Company XYZ tries to estimate the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (1 THROUGH 3) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Direct –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ 750,001	$ 562,501	$ 712,501	$525,001	$ 300,001
b. Incurred losses and loss adjustment expense:	$ 187,500	$ 750,000	$ 750,000	$375,000	$ 2,250,000
c. Calendar year payments for losses and loss adjustment expenses:	$ 375,000	$ 600,000	$ 937,500	[illegible]	$ 150,000
d. Ending reserves:	$ 562,501	$ 712,501	$ 525,001	$300,001	$ 2,400,001

(2) Assumed Reinsurance –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ 250,000	$ 187,500	$ [illegible]	$175,000	$ 100,000
b. Incurred losses and loss adjustment expense:	$ 62,500	$ [illegible]	$ 250,000	$125,000	$ 750,000
c. Calendar year payments for losses and loss adjustment expenses:	$ [illegible]	$ 200,000	$ 312,500	$200,000	$ 50,000
d. Ending reserves:	$ 187,500	$ 237,500	$ 175,000	$100,000	$ 800,000

(3) Net of Ceded Reinsurance –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ [illegible]	$ 300,000	$ 380,000	$280,000	$ 160,000
b. Incurred losses and loss adjustment expense:	100,000	400,000	400,000	200,000	3,000,000
c. Calendar year payments for losses and loss adjustment expenses:	200,000	320,000	500,000	320,000	80,000
d. Ending reserves:	$ 300,000	$ 380,000	$ 280,000	$160,000	$ 3,080,000

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B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

(1)	Direct Basis:	$ 1,000,000
(2)	Assumed Reinsurance Basis:	$ 300,000
(3)	Net of Ceded Reinsurance Basis:	$ 400,000

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C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

(1)	Direct Basis:	$ 500,000
(2)	Assumed Reinsurance Basis:	$ 200,000
(3)	Net of Ceded Reinsurance Basis:	$ 200,000

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D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes ( ) No (X)

(1) Direct –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

(2) Assumed Reinsurance –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

(3) Net of Ceded Reinsurance –

	2014	2015	2016	2017	2018
a. Beginning reserves:	$ 0	$ 0	$ 0	$ 0	$ 0
b. Incurred losses and loss adjustment expense:	0	0	0	0	0
c. Calendar year payments for losses and loss adjustment expenses:	0	0	0	0	0
d. Ending reserves:	$ 0	$ 0	$ 0	$ 0	$ 0

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

(1)	Direct Basis:	$ 0
(2)	Assumed Reinsurance Basis:	$ 0
(3)	Net of Ceded Reinsurance Basis:	$ 0

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

(1)	Direct Basis:	$ 0
(2)	Assumed Reinsurance Basis:	$ 0
(3)	Net of Ceded Reinsurance Basis:	$ 0

34. Subscriber Savings Accounts

Instruction:

For reciprocal insurance companies only, describe the amount of surplus identified as subscriber savings accounts; indicate the source of the funds (either from the reciprocal's operations or contribution by the individual subscriber) and, the reporting location in surplus; and describe the conditions upon which the balances are paid to the subscribers.

Illustration:

At December 31, 20__ the Company has $_________ identified to subscriber savings accounts. Of this amount, $_________ is from company operations and is reported in Unassigned Funds (Page 3, Line 35). The balance identified to subscriber savings accounts, $_________, was contributed directly by the subscribers and is separately reported in Other-Than-Special Surplus Funds (Page 3, Line 32). The subscriber savings account balances are paid to the subscribers upon their termination from the Company.

35. Multiple Peril Crop Insurance

Instruction:

Describe the method used to compute the unearned premium reserve. Disclose the amount of expense payment associated with the catastrophic coverage that was recorded as a reduction of loss expenses and the amount of expense payment for the buy-up coverage that was recorded as a reduction of other underwriting expenses.

Illustration:

The Company elected to compute the unearned premium reserve associated with the Multiple Peril Crop Insurance Program on a daily pro rata method as the Company did not believe it could demonstrate that the period of risk differs significantly from the contract period.

The Company reduced its loss expenses for expense payments associated with catastrophe coverage by $_________ and $_________ in 20__ and 20__, respectively. The Company reduced its other underwriting expenses for expense payments associated with buy-up coverage by $_________ and $_________ in 20__ and 20__, respectively.

36. Financial Guaranty Insurance

Instruction:

Financial guaranty insurers shall make all disclosures required below as well as other statements within the *Accounting Practices and Procedures Manual*, including but not limited to, the requirements of *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*. (For disclosures within A and B below, all "expected" amounts and terms should be determined in accordance with management estimates.) In all instances, the insurer shall disclose when they elect to reflect timeframes or recognition principles from FAS 163 as permitted within the disclosure requirements.

An insurance enterprise shall disclose information that enables users of its financial statements to understand the factors affecting the present and future recognition and measurement of financial guarantee insurance contracts.

A. Disclose the following information for each annual reporting statement and in any interim period if a significant change has occurred in that interim period:

(1) For financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:

a. Disclose the unearned premium revenue as of the reporting date, in proportion with the amount and expected coverage period of the insured risk, which would have been reflected if the premium had been received at inception.

NOTE: If desired, a reporting entity that follows FAS 163 for GAAP may elect to report this disclosure in accordance with the revenue recognition principles of FAS 163.

b. Provide a schedule of premiums (undiscounted) expected to be collected under all installment contracts detailing the following:

1. The four quarters of the subsequent annual period and each of the next four annual periods

2. The remaining periods aggregated in five-year increments

c. A roll forward of the expected future premiums (undiscounted), including:

1. Expected future premiums – Beginning of Year

2. Less – Premium payments received for existing installment contracts

3. Add – Expected premium payments for new installment contracts

4. Adjustments to the expected future premium payments

5. Expected future premiums – End of Year

(2) Non-installment contracts:

a. For non-installment contracts for which premium revenue recognition has been accelerated, disclose the amount and reasons for acceleration.

b. Provide a schedule of the future expected earned premium revenue on non-installment contracts as of the latest date of the statement of financial position detailing the following:

1. The four quarters of the subsequent annual period and each of the next four annual periods

2. The remaining periods aggregated in five year increments.

(3) For the claim liability:

a. The rate used to discount the claim liability. This rate shall equal the average rate of return on the admitted assets of the financial guaranty insurer as of the annual date of the computation of the reserve.

NOTE: The annual discount rate should be calculated pursuant to *SSAP No. 60—Financial Guaranty Insurance*, and shall be utilized for the subsequent year's quarterly financial statements. The discount rate shall be adjusted at the end of each year per SSAP No. 60.

b. The significant component(s) of the change in the claim liability for the period (the accretion of the discount on the claim liability, changes in the timing, establishment of new reserves for defaults of insured contracts, changes or establishment of deficiency reserves, and changes or establishment of reserves for incurred but not reported claims), and the amount relating to each component(s).

(4) A description of the insurance enterprise's risk management activities used to track and monitor deteriorating insured financial obligations, including the following:

a. A description of each grouping or category used to track and monitor deteriorating insured financial obligations

b. The insurance enterprise's policies for placing an insured financial obligation in, and monitoring each grouping or category

c. The insurance enterprise's policies for avoiding or mitigating claim liabilities, the related expense and liability reported during the period for those risk mitigation activities (not including reinsurance), and a description of where that expense and that liability are reported in the statement of income and the statement of financial position, respectively.

B. An insurance enterprise shall disclose the following information for each annual and interim period related to the claim liability:

A schedule of insured financial obligations at the end of each interim period detailing, at a minimum, the following for each category or grouping of these financial obligations:

(1) Number of issued and outstanding financial guarantee insurance contracts

(2) Remaining weighted-average contract period

(Weighted average contract period shall be based on management's estimate of the weighted average life of the contracts. If desired, a reporting entity that follows FAS 163 for GAAP may elect to mirror the time period calculated under FAS 163.)

(3) Insured contractual payments outstanding, segregating principal and interest

(Contractual payments outstanding shall be based on management's estimates of receivables. If desired, a reporting entity that follows FAS 163 for GAAP may elect to mirror the time period calculated under FAS 163.)

(4) Gross claim liability

(Represents the unpaid losses and loss adjustment expenses calculated in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and *SSAP No. 60—Financial Guaranty Insurance*, but excluding the effects of subrogation recoveries, ceded reinsurance and discounting.)

(5) Gross potential recoveries

(Includes (a) subrogation recoveries, which are deducted from the gross claim liabilities in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* and (b) ceded reinsurance recoveries on unpaid losses, which are deducted from the gross claim liability in accordance with *SSAP No. 62R—Property and Casualty Reinsurance*.)

(6) Discount, net (both claim liability and potential recoveries)

(Represents the discounting effect of the gross claim liability, subrogation recoveries and reinsurance recoveries.)

(7) Net claim liability

(Represents the gross claim liability less gross potential recoveries and the net discount. This line should reconcile to the sum of Line 10, Column 8 and Column 9 (financial guaranty net unpaid losses and net unpaid loss adjustment expenses) of the Underwriting and Investment Exhibit, Part 2a – Unpaid Losses and Loss Adjustment Expenses.)

(8) Reinsurance recoverables

(Represents reinsurance recoverables on paid losses which is reported as an asset in accordance with *SSAP No. 62 R—Property and Casualty Reinsurance*. This line should reconcile to "Amounts recoverable from reinsurers" on the balance sheet.)

(9) Unearned premium revenue.

(Unearned premium revenue (UPR) should be consistent with the UPR measurement principles of *SSAP No. 60—Financial Guaranty Insurance*. UPR reported in this schedule may not reconcile to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1a – Recapitulation of all Premiums.

To the extent that this amount does not reconcile to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1a – Recapitulation of Premiums, provide an additional reconciliation to Line 10, Column 5 of the Underwriting and Investment Exhibit, Part 1a in a footnote to the tabular disclosures required in B.)

Illustration:

A.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(1) Financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:

b. Schedule of premiums (undiscounted) expected to be collected under all installment contracts:

1.

(a)	1st Quarter 2019	$
(b)	2nd Quarter 2019	
(c)	3rd Quarter 2019	
(d)	4th Quarter 2019	
(e)	Year 2020	
(f)	Year 2021	
(g)	Year 2022	
(h)	Year 2023	$

2.

(a)	2024 through 2028	$
(b)	2029 through 2033	
(c)	2034 through 2038	
(d)	Etc.	$

(NOTE: Use as many five year increments as needed, a through y)

c. Roll forward of the expected future premiums (undiscounted), including:

1.	Expected future premiums – Beginning of Year	$
2.	Less – Premium payments received for existing installment contracts	
3.	Add – Expected premium payments for new installment contracts	
4.	Adjustments to the expected future premium payments	
5.	Expected future premiums – End of Year	$

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

(2) Non-installment contracts:

b. Schedule of the future expected earned premium revenue on non-installment contracts as of the latest date of the statement of financial position:

1.

(a)	1st Quarter 2019	$ ________
(b)	2nd Quarter 2019	________
(c)	3rd Quarter 2019	________
(d)	4th Quarter 2019	________
(e)	Year 2020	________
(f)	Year 2021	________
(g)	Year 2022	________
(h)	Year 2023	________

2.

(a)	2024 through 2028	$ ________
(b)	2029 through 2033	________
(c)	2034 through 2038	________
(d)	Etc.	$ ________

(NOTE: Use as many five year increments as needed, a through y)

(3) Claim liability:

a. The company used a rate of ____ to discount the claim liability. This rate is equal to the average rate of return on the admitted assets of the company as of the December 31, 20XX.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

b. Significant components of the change in the claim liability for the period

	Components	Amount
(1)	Accretion of the discount	$ ________
(2)	Changes in timing	________
(3)	New reserves for defaults of insured contracts	________
(4)	Change in deficiency reserves	________
(5)	Change in incurred but not reported claims	
(6)	Total	$ ________

(4) Description of the insurance enterprise's risk management activities used to track and monitor deteriorating insured financial obligations:

a. Description of each grouping or category used to track and monitor deteriorating insured financial obligations

Category A: Includes insured financial obligations that are still currently performing (that is, insured contractual payments are made on time but the likelihood of an event of default has increased since the financial guarantee insurance contract was first issued), but if economic conditions persist for an extended period of time, they may not be performing in the future. The issuer of the insured financial obligation may have experienced credit deterioration as a result of a general economic downturn. As a result, the present value of expected net cash outflows may exceed the unearned premium revenue of the financial guarantee insurance contract sometime in the future.

Category B: Includes insured financial obligations that are currently characterized as potentially nonperforming and may require action by the insurance enterprise to avoid or mitigate an event of default.

Category C: Includes insured financial obligations that are characterized as nonperforming and for which actions to date by the insurance enterprise have not been successful in avoiding or mitigating an event of default. The insurance enterprise continues its efforts to cure the claim, but an event of default is imminent.

Category D: Includes insured financial obligations where an event of default has occurred.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. Schedule of insured financial obligations at the end of the period

	Surveillance Categories				
	A	B	C	D	Total
1. Number of policies					
2. Remaining weighted-average contract period (in years)					XXX
Insured contractual payments outstanding:					
3a. Principal	$	$	$	$	$
3b. Interest					
3c. Total	$	$	$	$	$
4. Gross claim liability	$	$	$	$	$
Less:					
5a. Gross potential recoveries					
5b. Discount, net					
6. Net claim liability	$	$	$	$	$
7. Unearned premium revenue	$	$	$	$	$
8. Reinsurance recoverables	$	$	$	$	$

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.2 N/A is an acceptable response only if Interrogatory 1.1 was answered NO.

1.4 Answer "YES" if the reporting entity is publicly traded or part of a publicly traded group.

"Publicly traded company" is defined as a company whose securities are required to be registered under Section 12 and is subject to periodic reporting under Section 15(d) of the Securities Exchange Act of 1934.

1.5 Provide the Central Index Key (CIK) issued by the SEC to the publicly traded entity or group. Do not provide a CIK issued for a variable insurance product written by the entity.

3.1 The date of the financial examination that should be reported is for a financial examination conducted by a state regulatory authority. (It is not a CPA annual audit.) The financial examination is considered "being made" for a given calendar year as soon as a formal notice is received from the domiciliary state that it intends to conduct the examination.

4.2 A sales/service organization for purposes of this question is one that provides the company with a sales/distribution network and/or a customer relations/service capability that is independent of the company and its employees.

7.1 For purposes of this interrogatory, control is defined to include ownership as well as control via management or attorney-in-fact.

7.2 Report this amount as a percentage (e.g., 10.5%, not .10) of ownership.

8.4 Enter "YES" or "NO" in Columns 3 through 6.

10.5 Indicate whether the reporting entity has established an audit committee in compliance with the Annual Financial Reporting Model Regulation (formerly known as Model Audit Rule) or similar state statute adopted by the domiciliary state.

14. The response to this interrogatory applies to the reporting entity's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

14.31 Include the nature of any waiver, including any implicit waiver, from a provision of the code of ethics granted by the reporting entity, an affiliate that provides management services to the entity, or the entity's ultimate parent to one of these specified officers, the name of the person to whom the waiver was granted and the date of the waiver.

15.2 Provide the American Bankers Association (ABA) routing number and the name of the issuing or confirming bank for all letters of credit where the reporting entity is the beneficiary unrelated to reinsurance and the issuing or confirming bank is not on the SVO Bank List. Amounts reported may be aggregated by bank.

For Fronted Letters of Credit, where a single bank issues a letter of credit as the fronting bank and sells to other banks undivided interests in its obligations under the credit, list the fronting bank but not the other banks participating.

For Syndicated Letters of Credit, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, list each bank separately and not just the agent bank.

FINANCIAL

19. For purposes of this interrogatory, statutory accounting principles are considered those prescribed or permitted by the reporting entity's domiciliary state, but also include those principles as outlined in the *Accounting Practices & Procedures Manual*. If the majority of the accounting principles used are inconsistent with the NAIC's statement of statutory accounting principles, the reporting entity should respond "YES." The reporting entity should also respond "YES" if the majority of the accounting principles used to prepare the financial statement are those required or allowed under Generally Accepted Accounting Principles. Majority used in this instruction is meant to include either the number of principles or the magnitude of the principles (materiality).

22. Risk Description – The assessments used in this calculation are those assessments required to be paid by the reporting entity relative to health insurance only. Examples of the types of assessments to be reported: high risk pools, demographic pools, assessments for losses in other markets, risk adjustment, or assessments from health purchasing pools or alliances such as administrative expenses, risk adjustment, and losses other than assessments paid to medical providers. These arrangements can be state run or not. Assessments used in this calculation include reimbursements that the reporting entity is obligated to pay in order to maintain membership in the arrangement, or to continue to insure applicants through a pool or other arrangement. This calculation includes amounts as a negative assessment received by the reporting entity from such arrangements. Exclude assessments for Guaranty Funds or Guaranty Associations.

23.1 Answer "YES" if there is an amount reported on the admitted assets column for Line 23 of the Assets page.

23.2 Report that portion of the amount of admitted assets reported on Line 23 of the Assets page that is due from parent.

INVESTMENT

24. 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 24.01 and "YES" to 25.1.

24.03 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.

24.04 A company with a conforming securities lending program as defined in the risk-based capital instructions should respond "YES."

24.05 Report amount of collateral for conforming programs (24.04 answer is "YES").

24.06 Report amount of collateral for other programs (24.04 answer is "NO").

24.101 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).

24.102 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.

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

25. Disclose the statement value of investments that are not under the exclusive control of the reporting entity within the categories listed in 25.2.

27. 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.

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

28.01 If the answer to 28 is "YES," then list all of the agreements in 28.01. 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 28.01.

28.02 If the answer to 28 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

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

28.04 If the answer to 28.03 is "YES," list the change(s).

28.05 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.

28.0597 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 28.05 are greater than 10% of the reporting entity's assets, answer "YES" to Question 28.0597.

28.0598 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 28.05 are greater than 50% of the reporting entity's assets, answer "YES" to Question 28.0598. 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.

28.06 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.

<u>Name of Firm or Individual:</u>

Should be name of firm or individual provided for 28.05

<u>Central Registration Depository Number</u>

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.

<u>Legal Entity Identifier (LEI)</u>

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

<u>Registered With:</u>

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

<u>Investment Management Agreement (IMA) Filed:</u>

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

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

29.2 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.

29.3 "Significant Holding" means the top five largest holdings of the mutual fund. For each diversified mutual fund disclosed in Interrogatory 29.2, 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.

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

32. 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

34. 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.

35. 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. 3435 and No. 36.

36. 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. 34 and No. 35.

PART 2 – PROPERTY AND CASUALTY INTERROGATORIES

1. Item 1.61 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0199999.

   Item 1.62 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0199999.

   Item 1.63 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0199999.

   Item 1.64 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0199999.

   Item 1.65 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0199999.

   Item 1.66 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0199999.

   Item 1.71 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0299999.

   Item 1.72 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0299999.

   Item 1.73 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0299999.

   Item 1.74 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0299999.

   Item 1.75 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0299999.

   Item 1.76 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0299999.

2. This General Interrogatory is designed to determine whether a reporting entity reports predominantly health lines of business. Health lines include hospital or medical policies or certificates, comprehensive major medical expense insurance and managed care contracts and exclude other health coverage such as credit insurance, disability income coverage, automobile medical coverage, workers compensation, accidental death and dismemberment policies and long term care policies.

   All reporting entities should file the test.

   Premium and reserve information is obtained from the annual statement sources referenced on the form or from the related risk-based capital report for the corresponding premium descriptions relating to the current and prior reporting periods.

Item	Description	Reporting Year Annual Statement Data	Prior Year Annual Statement Data
2.1	Premium Numerator	**Health Premium** values listed in the statement value column (Column 1) of the reporting year's P&C RBC report: <u>Individual Lines:</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Dental and Vision <u>Group Lines:</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Stop Loss and Minimum Premium Dental and Vision Federal Employee Health and Benefit Plan	**Health Premium** values as listed in the statement value column (Column 1) of the prior year's P&C RBC report: <u>Individual Lines</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Dental and Vision <u>Group Lines</u> Usual and Customary Major Medical and Hospital Medicare Supplement Medicare Part D Stop Loss and Minimum Premium Dental and Vision Federal Employee Health and Benefit Plan
2.2	Premium Denominator	Premiums Earned (Page 4, Line 1) of the reporting year's annual statement	Premium Earned (Page 4, Line 1) of the prior year's annual statement
2.3	Premium Ratio	**2.1/2.2**	**2.1/2.2**
2.4(a)	Reserve Numerator	Part 2A, Unpaid Losses and Loss Adjustment Expenses (Columns 8+9, Lines 13+15) plus Part 1A, Recapitulation of all Premiums (Columns 1+2, Lines 13+15) of the reporting year's annual statement.	Part 2A, Unpaid Losses and Loss Adjustment Expenses (Columns 8+9, Lines 13+15) plus Part 1A, Recapitulation of all Premiums (Columns 1+2, Lines 13+15) of the prior year's annual statement.
2.5	Reserve Denominator	Unpaid Loss and LAE (Page 3, Column 1, Lines 1+2+3) plus Part 1A, Recapitulation of all Premiums (Line 35, Columns 1+2) of the reporting year's annual statement.	Unpaid Loss and LAE (Page 3, Column 1, Lines 1+2+3) plus Part 1A, Recapitulation of all Premiums (Line 35, Columns 1+2) of the prior year's annual statement.
2.6	Reserve Ratio	**2.4/2.5**	**2.4/2.5**

(a) Alternative Reserve Numerator – Company records may be used to adjust the reserve numerator to provide consistency between the values reported in the reserve numerator (2.4) and the premium numerator (2.1).

9.1 The following terms or phrases are used within this interrogatory and are defined or discussed as follows to encourage consistent reporting. In addition, the following general instructions have been added to address specific questions.

General Instructions

Consistent with the definition below for any reinsurance contract, the reporting entity should NOT aggregate contracts with different underwriting years since each is considered a separate contract and instead should consider those separately.

For purposes of determining if a reinsurance contract accounted for using retroactive reinsurance accounting is material (e.g. greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders, the reporting entity should consider the individual components of those contracts as if the contract were accounted for using prospective reinsurance accounting. For example, the write-in item on the statement of income shall be considered as if it were part of the underwriting result.

Terms or Phrases

Accounted for that contract as reinsurance – This phrase should be used in this interrogatory consistent with the guidance in *SSAP No. 62R—Property and Casualty Reinsurance*. This includes not only contracts accounted for using prospective accounting but also those which have been accounted for using retroactive accounting.

Aggregate stop loss reinsurance – Reinsurance coverage that indemnifies the reporting entity against the amount by which all of the reporting entity's losses incurred (either in whole, on a specific line of business or any other relevant divisible measure) during a specified period exceed either (1) a predetermined dollar amount or (2) a percentage of the reporting entity's subject premiums (loss ratio) for the specified period.

Any reinsurance contract – As discussed in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A question 10, a contract is not defined but is essentially a question of substance. For purposes of this interrogatory, the reporting entity should utilize this same guidance. The term "any" can sometimes be read to be "one" or "some" but for purposes of this interrogatory, "any" shall be used in the same manner as "contract" within *SSAP No. 62R—Property and Casualty Reinsurance*, Q&A No. 10 and thus could represent multiple contracts and/or a contract with multiple parties. This specifically excludes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools*, approved or non-disapproved intercompany reinsurance agreements filed or submitted under the NAIC *Insurance Holding Company System Regulatory Act* or similar state statutes or regulations, as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Commutation Rights – *SSAP No. 62R—Property and Casualty Reinsurance*, defines a commutation as a transaction which results in the complete and final settlement and discharge of all, or the commuted portion thereof, present and future obligations between the parties arising out of the reinsurance agreement. This interrogatory refers to a unilateral contractual right by either party (or both parties) to commute the reinsurance contract whether or not conditional (with the sole exception of such provisions that are triggered by a decline in the credit status of the other party). Further, for purposes of this interrogatory, commutations that result from the following situations will not trigger disclosure: 1) a bilaterally agreed mandatory commutation date that is outside the control of either party and solely dependent on the passage of time, 2) a unilateral commutation right that is conditional on something that is no longer possible (e.g. commutation before a certain date that has passed, or commutation upon some condition that can no longer be met such as the absence of losses), and 3) termination rights which are separate from commutation rights.

Multiple contracts with the same reinsurer or its affiliates – This parenthetical reference is intended to mean that the reporting entity should aggregate only those contracts that meet the requirements of this entire paragraph. For example, if the reporting entity has several contracts with a single reinsurer or its affiliates, it must aggregate only those contracts that contain one or more of the specified features in 9.1(iii) (a) through (f) for purposes of determining whether it is material under 9.1 (i) or (ii). Conversely, if the reporting entity has several contracts with a reinsurer and/or its affiliates and only one contract contains one of the specified characteristics, then only that single contract must be considered for disclosure under this interrogatory.

Underwriting result – As used on Page 4 of the Property/Casualty Annual Statement and reported on the line captioned Net underwriting gain (loss).

Written premium ceded – As used within the Underwriting and Investment Exhibit, Part 1B-Premiums Written, Columns 4 and 5.

Year end loss and loss expense reserves ceded – As used within the Underwriting and Investment Exhibit, Part 2A-Unpaid Losses and Loss Adjustment Expenses, Columns 3, 7 and 9, in part.

9.2 The following terms or phrases are used within this interrogatory and is defined or discussed as follows to encourage consistent reporting.

Any reinsurance contract – As discussed in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A question 10, a contract is not defined but is essentially a question of substance. For purposes of this interrogatory, the reporting entity should utilize this same guidance. The term "any" can sometimes be read to be "one" or "some" but for purposes of this interrogatory, "any" shall be used in the same manner as "contract" within *SSAP No. 62R—Property and Casualty Reinsurance*, Q&A No. 10 and thus could represent multiple contracts and/or a contract with multiple parties. This specifically excludes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools*, approved or non-disapproved intercompany reinsurance agreements filed or submitted under the NAIC *Insurance Holding Company System Regulatory Act* or similar state statutes or regulations, as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Approved Pooling Arrangements – This definition includes voluntary and involuntary pools as defined in *SSAP No. 63—Underwriting Pools*, as well as residual market mechanisms including FAIR Plans and the National Flood Insurance Program, that are included in the voluntary and mandatory pool section of Schedule F of the Annual Financial Statement.

Controlling, controlled by, or under common control – This phrase should be used in this interrogatory consistent with the guidance in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Fifty percent or more of the entire direct and assumed premium written by the reinsurer – Under this interrogatory, the reporting entity is required to obtain a copy of the most recent financial statement of the reinsurer in order to make this determination. If the reinsurer is a United States domiciled company, this determination can be made based upon the information available in the reinsurer's Underwriting and Investment Exhibit, Part 1B - Premiums Written, Columns 1 through 3. If the reinsurer is not a United States domiciled company, it is the duty of the reporting entity to make this determination using whatever means possible. If the financial statements of the reinsurer do not provide this information, the reporting entity shall obtain written documentation through some other means, such as direct inquiry of the reinsurer. It is anticipated that in some cases the reinsurer may only be able to provide an estimate; this is acceptable provided it is supplied in writing from the reinsurer. Transactions with reinsurers in runoff are not intended to trigger a "yes" answer to this interrogatory if not material to the reporting entity as defined in Interrogatory 9.2.

Most recently available financial statement – Means the most recently issued financial statements for a full-year period. In most cases, this means the prior year's financial statements.

Retroceded premium – Refers to premiums received by the reporting entity or its affiliates in a separate reinsurance contract covering the original risk in whole or in part. It does not include experience rated premium adjustments such as no claims bonus, premium adjustments below a provisional rate, profit sharing, commission adjustments or similar items under the original reinsurance contract.

Twenty–five percent or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates – Written premium ceded is intended to mean premiums for the same risk originally ceded to the reinsurer and subsequently retroceded, in whole or in part, back to the reporting entity or an affiliate of the reporting entity. The reporting entity is required to make this determination using whatever means possible. If the financial statements of the reinsurer do not provide this information, the reporting entity shall obtain written documentation through some other means, such as direct inquiry of the reinsurer. It is anticipated that in some cases the reinsurer may only be able to provide an estimate; this is acceptable provided it is supplied in writing from the reinsurer.

Written premium ceded – As used within the Underwriting and Investment Exhibit, Part 1B-Premiums Written, Columns 4 and 5.

9.3 This interrogatory is only required if either 9.1 or 9.2 are answered "YES." In those cases, this interrogatory is simply meant to highlight to the reporting entity that the Reinsurance Summary Supplemental Filing for General Interrogatory 9 must be filed. For further discussion of those requirements, see the instructions for the supplemental filing.

9.4 For purposes of this interrogatory, if the reporting entity, individually or in connection with its affiliates does not produce or issue GAAP financial statements to outside parties, it should respond "NO" to this interrogatory.

13.1 The intent of this interrogatory is to identify the company's total net exposure over all lines of coverage for the single largest policyholder [except Worker's Compensation, which is addressed in Interrogatory 6.1] that could be impacted by a loss occurring at a specific location. Include only policies in force as of the current statement date in the calculation.

19. "YES" answer indicates the reporting entity is a multistate company based on the information reported in Schedule T – Exhibit of Premiums Written.

If the sum of codes L, R, E, Q and D provided in Column 1 of Schedule T is greater than 1, the answer to Question 19 should be "YES."

19.1 A "YES" answer indicates that while the reporting entity does not meet the criteria shown on Schedule T to be considered a multistate insurer, the reporting entity's assumption of business that covers risks in at least two states will qualify the entity as multistate.

FIVE-YEAR HISTORICAL DATA

This exhibit is a display of key statistics extracted from the annual statements of the current year and each of the four preceding years. It displays recent trends in the movement of sales, in force, surplus, and other financial data. For the most part, each section of Five-Year Historical Data references data from a specific page in the annual statement, with certain "key" lines having been extracted from that page. Page and line references for the current year are shown on the Exhibit. If a page or line reference is different for a prior year or years, it is shown below. Percentages are shown to one decimal place (e.g., 17.6).

All figures are taken from or developed from annual statements of corresponding years.

The derivation of each line on Five-Year Historical Data is indicated in the annual statement blank, except that Lines 46 and 47 should be based upon the book/adjusted carrying value of the asset, which is consistent with the other affiliated investments.

Except for companies to which Risk-Based Capital does not apply (e.g., mortgage guaranty companies), Lines 28 and 29 should be completed even if the company is not required to file Risk-Based Capital.

Data for Annual Statement Line 30 – Warranty should be reported prospectively (i.e., prior year amounts need not be restated) starting with the 2008 reporting year.

Reporting entities that were part of a merger should refer to *SSAP No. 3—Accounting Changes and Corrections of Errors* for guidance on restatement of prior-year numbers and footnote disclosure requirements for this exhibit. Complete the footnote only if reporting entity was a party to a merger in the current reporting period.

Gross Premiums Written

All years .... Page 8, Part 1B, Columns 1, 2 & 3

Line 1 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 2 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 3 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 4 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 5 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 6 – Total

All years .... Line 35

Net Premiums Written

All years .... Page 8, Part 1B, Column 6

Line 7 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 8 – Property Lines

All years.................................. Lines 1, 2, 9, 12, 21 & 26

Line 9 – Property and Liability Combined Lines

All years.................................. Lines 3, 4, 5, 8, 22 & 27

Line 10 – All Other Lines

All years.................................. Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 11 – Nonproportional Reinsurance Lines

All years.................................. Lines 31, 32 & 33

Line 12 – Total

All years.................................. Line 35

Statement of Income (Page 4)

Line 13 – Net Underwriting Gain (Loss)

All years.................................. Line 8

Line 14 – Net Investment Gain (Loss)

All years.................................. Line 11

Line 15 – Total Other Income

All years.................................. Line 15

Line 16 – Dividends to Policyholders

All years.................................. Line 17

Line 17 – Federal and Foreign Income Taxes Incurred

All years.................................. Line 19

Line 18 – Net income

All years.................................. Line 20

<u>Balance Sheet</u> (Pages 2 and 3)

Line 19 – Total Admitted Assets Excluding Protected Cell Business

All years .... Page 2, Line 26, Column 3

Line 20 – Premiums and Considerations

All years .... Page 2, Column 3

Line 20.1 – In Course of Collection

All years .... Page 2, Line 15.1

Line 20.2 – Deferred & Not Yet Due

All years .... Page 2, Line 15.2

Line 20.3 – Accrued Retrospective Premiums

All years .... Page 2, Line 15.3

Line 21 – Total Liabilities Excluding Protected Cell Business

All years .... Page 3, Line 26

Line 22 – Losses

All years .... Page 3, Line 1

Line 23 – Loss Adjustment Expenses

All years .... Page 3, Line 3

Line 24 – Unearned Premiums

All years .... Page 3, Line 9

Line 25 – Capital Paid Up

All years .... Page 3, Lines 30 & 31

Line 26 – Surplus as Regards Policyholders

All years .... Page 3, Line 37

Cash Flow (Page 5)

Line 27 – Net cash from operations

All years .... Line 11

Risk-Based Capital Analysis

Line 28 – Total Adjusted Capital

Insert the total amount of adjusted capital as determined in accordance with the NAIC Property/Casualty Risk-Based Capital Instructions.

Line 29 – Authorized Control Level Risk-Based Capital

Insert the amount of authorized control level risk-based capital as determined in accordance with the NAIC Property/Casualty Risk-Based Capital Instructions.

Percentage Distribution of Cash, Cash Equivalents and Invested Assets

All years .... (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0

Line 30 – Bonds

All years .... Line 1

Line 31 – Stocks

All years .... Lines 2.1 and 2.2

Line 32 – Mortgage Loans on Real Estate

All years .... Lines 3.1 and 3.2

Line 33 – Real Estate

All years .... Lines 4.1, 4.2 and 4.3

Line 34 – Cash, Cash Equivalents and Short-term Investments

All years .... Line 5

Line 35 – Contract Loans

All years .... Line 6

Line 36 – Derivatives

All years .... Line 7

Line 37 – Other Invested Assets

All years .... Line 8

Line 38 – Receivable for Securities

All years .... Line 9

Line 39 – Securities Lending Reinvested Collateral Assets

All years .... Page 2, Line 10

Line 40 – Aggregate Write-ins for Invested Assets

All years .... Line 11

Line 41 – Cash, Cash Equivalents & Invested Assets

All years .... Line 12

Investments in Parent, Subsidiaries and Affiliates

Line 42 – Affiliated Bonds

All years .... Schedule D Summary, Line 12, Column 1

Line 43 – Affiliated Preferred Stocks

All years .... Schedule D Summary, Line 18, Column 1

Line 44 – Affiliated Common Stock

All years .... Schedule D Summary, Line 24, Column 1

Line 45 – Affiliated Short-term Investments

All years .... Schedule DA Verification Between Years, Column 5, Line 10

Line 49 – Total Investment in Parent

Report the amount of investments reported in Lines 42 to 47 above that are in an immediate or indirect parent.

Line 50 – Percentage of Investments in Parents, Subsidiaries and Affiliates to Surplus as Regards Policyholders

All years .... Five Year Historical, Line 48 divided by Page 3, Column 1, Line 37 x 100.0

Capital and Surplus Accounts (Page 4)

Line 51 – Net Unrealized Capital Gains (Losses)

All Years .... Line 24

Line 52 – Dividends to Stockholders

All Years .... Line 35

Line 53 – Change in Surplus as Regards Policyholders for the Year

All Years .... Line 38

Gross Losses Paid

All years .... Page 9, Part 2, Columns 1 & 2

Line 54 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 55 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 56 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 57 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 58 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 59 – Total

All years .... Line 35

Net Losses Paid

All years .... Page 9, Part 2, Column 4

Line 60 – Liability Lines

All years .... Lines 11.1, 11.2, 16, 17.1, 17.2, , 17.3, 18.1, 18.2, 19.1, 19.2, 19.3 & 19.4

Line 61 – Property Lines

All years .... Lines 1, 2, 9, 12, 21 & 26

Line 62 – Property and Liability Combined Lines

All years .... Lines 3, 4, 5, 8, 22 & 27

Line 63 – All Other Lines

All years .... Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34

Line 64 – Nonproportional Reinsurance Lines

All years .... Lines 31, 32 & 33

Line 65 – Total

All years .... Line 35

<u>Operating Percentages</u>

All years .... (Page 4) (Item Divided by Page 4, Line 1) x 100.0

Line 66 – Premiums Earned

All years .... Line 1

Line 67 – Losses Incurred

All years .... Line 2

Line 68 – Loss Expenses Incurred

All years .... Line 3

Line 69 – Other Underwriting Expenses Incurred

All years .... Line 4

Line 70 – Net Underwriting Gain (Loss)

All years .... Line 8

<u>Other Percentages</u>

Line 71 – Other Underwriting Expenses to Net Premiums Written

All years .... Page 4, Lines 4 + 5 – 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0

Line 72 – Losses and Loss Expenses Incurred to Premiums Earned

All years .... Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0

Line 73 – Net Premiums Written to Policyholders' Surplus

All years .... Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0

One-Year Loss Development (000 omitted)

Line 74 – Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year

All years .... Schedule P, Part 2 Summary, Line 12, Column 11

Line 75 – Percent of Development of Losses and Loss Expenses Incurred to Policyholders' Surplus of Prior Year-End

All years .... Five Year Historical, Line 74 divided by Page 4, Line 21, Column 1 x 100.0

Two-Year Loss Development (000 omitted)

Line 76 – Development in Estimated Losses and Loss Expenses Incurred 2 Years Before the Current Year and Prior Year

All years .... Schedule P, Part 2 Summary Line 12, Column 12

Line 77 – Percent of Development of Losses and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Year Prior Year-End

All years .... Five Year Historical, Line 76 divided by Page 4, Line 21, Column 2 x 100.0

State Page

EXHIBIT OF PREMIUMS AND LOSSES

DIRECT BUSINESS IN THE STATE OF...

(Statutory Page 14 Data)

A schedule should be prepared and submitted to the state of domicile for each jurisdiction in which the company has written direct business, has direct losses paid, direct losses incurred or direct losses unpaid. To other states in which the company is licensed it should submit only a schedule for that state.

For definitions of lines of business, see the appendix of these instructions.

Data for Annual Statement Line 30 – Warranty should be reported prospectively (i.e., prior-year amounts need not be restated) starting with the 2008 reporting year.

Column 1 – Direct Premiums Written

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 of the Underwriting and Investment Exhibit, Part 1B with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 1B, Column 1.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 1B, Column 1.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Lines 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 1B, Column 1, Line 21.

Column 2 – Direct Premiums Earned

May be estimated by formula on the basis of countrywide ratios for the respective lines of business except where adjustments are required to recognize special situations.

Column 5 – Direct Losses Paid (Deducting Salvage)

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 of the Underwriting and Investment Exhibit, Part 2, Column 1 with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 2, Column 1.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 2, Column 1.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 2, Column 1, Line 21.

Column 7 – Direct Losses Unpaid

The amounts reported on the GT (Grand Total) Page for the lines in this column should agree with the amounts reported for the identical line in Column 1 plus Column 5 of the Underwriting and Investment Exhibit, Part 2A with the following exceptions:

The sum of Lines 2.1, 2.2, 2.3, 2.4 and 2.5 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 2.

The sum of Lines 5.1 and 5.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 5.

Line 11 should equal the sum of Lines 11.1 and 11.2, Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5.

The sum of Lines 15.1 through 15.8 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 15.

Line 18 should equal the sum of Lines 18.1 and 18.2, Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5.

The sum of Lines 19.1 and 19.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 19.1 and 19.2.

The sum of Lines 19.3 and 19.4 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 19.3 and 19.4.

The sum of Lines 21.1 and 21.2 should equal Underwriting and Investment Exhibit, Part 2A, Column 1 plus Column 5, Line 21.

Column 11 – Commission and Brokerage Expenses

Report incurred direct commission and brokerage expenses. Contingent commission and brokerage expenses incurred should also be included in this column. The total for all states in each line should equal the Insurance Expense Exhibit, Part III, Column 23, Commission and Brokerage Expenses Incurred.

Column 12 – Taxes, Licenses, and Fees

Report direct taxes, licenses, and fees incurred. The total for all states in each line should equal the Insurance Expense Exhibit, Part III, Column 25, Taxes, Licenses, and Fees Incurred.

Line 34 – Aggregate Write-ins for Other Lines of Business

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 34 for Other Lines of Business.

When preparing Schedule P, this business should be included in the Other Liability sections.

Details of Write-ins Aggregated on Line 34 for Other Lines of Business

List separately each line of business for which there is no pre-printed line on the State Page.

Footnote (b): Complete the information regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to higher levels of benefits whenever participating provider networks are used.

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SCHEDULE F – REINSURANCE

Index to Schedule F

NOTE: Certified reinsurer status applies on a prospective basis, and is determined by the state of domicile of the ceding insurer. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule F. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer's certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer's certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Due Date

All parts of Schedule F are to be filed with the annual statement.

Please note that Parts 1, 3, 4 and 5 of this schedule are reported with thousands omitted. Parts 2 and 6 are reported in whole dollars.

ID Number

Most parts of Schedule F require that the "ID Number" be reported for assuming or ceding entities.

Reinsurance intermediaries should not be listed, because Schedule F is intended to identify only risk-bearing entities.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the "ID Number" for other alien insurers, even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule F instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If an alien company does not appear in that publication, contact with the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule F the appropriate Pool/Association Identification Number. These numbers are listed in the NAIC *Listing of Companies*. The Pool/Association Identification Number should be used instead of any FEIN that may have been assigned. If a pool or association does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Alien pools and associations should be reported on Schedule F under the category "Other Non-U.S. Insurers" rather than under "Pools, Associations and Similar Facilities." Pools and associations consisting of affiliated companies should be listed by individual company names rather than by pool or association identification.

Certified Reinsurer Identification Number (CRIN)

In order to report transactions involving certified reinsurers correctly, the appropriate Certified Reinsurer Identification Number (CRIN) must be included on Schedule F instead of the FEIN or Alien Insurer Identification Number (AIIN). The CRIN is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The "NAIC Company Code" field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the"Pool and Association Numbers" section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

In those parts of Schedule F requiring disclosure of the "Domiciliary Jurisdiction," for each domestic reinsurer or U.S. branch listed, the column should be completed with the state where the reinsurer maintains its statutory home office. For pools and associations, enter the state where the administrative office of such pool or association is located. For alien reinsurers, this column should be completed with the country where the alien is domiciled. Enter the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

Lloyd's of London

The following procedure will apply as respects annual statement filings for 1995 and subsequent years:

Cessions to Lloyd's under reinsurance agreements having an inception date on or before July 31, 1995, and which are not amended or renewed thereafter should continue to be reported using the collective Lloyd's number, AA-1122000, on an aggregated basis, under "Authorized – Other Non-U.S. Insurers." As respects continuous reinsurance agreements, the anniversary date shall be deemed to be the renewal date of the agreement. Any revision of terms and conditions shall be deemed to be an amendment of the reinsurance agreement.

Cessions to Lloyd's under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995, must be reported using the specific number of each subscribing syndicate, as listed in the alien section of the NAIC *Listing of Companies*. Such syndicates should be listed individually, under "Authorized – Other Non-U.S. Insurers."

Syndicates for which an identification number does not appear in the NAIC *Listing of Companies* must be treated as unauthorized as respects cessions under reinsurance agreements having an inception, amendment or renewal date on or after August 1, 1995, and should be reported, on an aggregated basis, under "Unauthorized – Other Non-U.S. Insurers," using a new collective number, AA-1123000.

Reinsurance assumed from syndicates at Lloyd's should continue to be reported on Schedule F, Part 1 using the original collective Lloyd's number, AA-1122000.

Dates

All dates reported in Schedule F must be in the format MM/DD/YYYY. For example, the date December 31, 2011, should be reported as 12/31/2011.

Determination of Authorized Status

The determination of the authorized, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule F shall be based on the status of that insurer or reinsurer in the reporting entity's state of domicile.

U.S. Intercompany Pooling Arrangements

Participation in intercompany pooling arrangements, whereby direct and/or assumed business written by any company participating in the pool is ceded first to the lead company and then redistributed among pool members, shall be reflected under the appropriate categories in the appropriate Parts of Schedule F (e.g., cessions from participating affiliates to the lead company in Part 1 for that company and in the ceded schedules for the affiliates). Subsequent redistribution of the pooled business from the lead company to participating affiliates shall be reported in similar fashion (e.g., cessions to the affiliates in the ceded schedules for the lead company, and as an assumption from the lead company in Part 1 for each of the affiliates participating in the pool).

Cessions to unaffiliated reinsurers, whether prior to cession of the pooled business to the lead company or subsequent thereto, shall be reported in the usual manner in the ceded schedules for the company or companies effecting such cessions, or identified as parties to the reinsurance agreement under which such cessions are effected, as appropriate (e.g., both the initial cessions to the lead company and the subsequent cessions of pooled business from the lead company to the participating affiliates shall reflect any applicable cessions to unaffiliated reinsurers). Such cessions shall be reflected in the calculation of the "Provision of Reinsurance" (Part 3 of Schedule F), and described in the Notes to the Financial Statements regarding "Intercompany Pooling Arrangements" and "Uncollectible Reinsurance."

Alien Reinsurers Maintaining Multiple Beneficiary U.S. Trust Accounts

Certain alien reinsurers have established multiple beneficiary trust accounts for the purpose of collateralizing obligations arising in connection with reinsurance assumed from U.S. ceding entities, and have been granted authorized reinsurer status in a number of states. Ceding entities domiciled in a state which has granted such status to an alien reinsurer should report cessions to such reinsurer, using the appropriate Alien Insurer Identification Number, under "Authorized – Other Non-U.S. Insurers" to the extent that obligations attributable to such cessions have been collateralized via the alien reinsurer's multiple beneficiary U.S. trust account.

Amounts recoverable from such alien reinsurers that have not been collateralized via a multiple beneficiary U.S. trust account should continue to be reported under "Unauthorized-Other Non – U.S. Insurers."

Captive Affiliate Line Category

For the purpose of reporting a reinsurer as captive affiliate on Schedule F, the captive affiliate line categories shall include affiliated non-traditional insurers/reinsurers.

Definition of Affiliated Non-Traditional Insurer/Reinsurer

This disclosure is intended to capture cessions to affiliated insurance/reinsurance entities that are subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. The definition of "Affiliate" is established in the NAIC Model Holding Company Act. An affiliated non-traditional insurer/reinsurer is an insurance or reinsurance company that reinsures risks only from its parent or affiliates, and is subject to a financial solvency regulatory system separate from that generally applicable to traditional insurers and/or reinsurers in the ceding entity's domestic jurisdiction. For the purpose of annual statement reporting, this definition shall be presumed to include the following, subject to the cedant's rebuttal to its domicile:

1. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in a single United States jurisdiction under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers.

2. An affiliated insurance or reinsurance company licensed, authorized or otherwise granted the authority to operate in any jurisdiction outside the United States under any captive insurer law, special purpose insurer law, or other similar law separate from those applicable to traditional insurers and/or reinsurers in that non-United States jurisdiction.

3. Any other affiliated insurance or reinsurance company that by law, regulation, or order, or contract is authorized to insure or reinsure only risks from its parent or affiliate.

SCHEDULE F – PART 1

ASSUMED REINSURANCE
AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has any detail lines reported for any of the following required groups, categories, or subcategories, it shall report the subtotal of the corresponding group, category, or subcategory, with the specified subtotal line appearing in the same manner and location as the pre-printed total or grand total line and number:

Group or Category	Line Number
Total Affiliates	
U.S. Intercompany Pooling	0199999
U.S. Non-Pool	
Captive	0299999
Other	0399999
Total	0499999
Other (Non-U.S.)	
Captive	0599999
Other	0699999
Total	0799999
Total Affiliates	0899999
Total Other U.S. Unaffiliated Insurers#	0999999
Pools and Associations	
Mandatory Pools, Associations or Other Similar Facilities	1099999
Voluntary Pools, Associations or Other Similar Facilities	1199999
Total Pools and Associations	1299999
Total Other Non-U.S. Insurers	1399999
Totals	9999999

\# Unaffiliated U.S. Branches of alien insurers should be included with "Total Other U.S. Unaffiliated Insurers."

Reinsurance assumed from pools or associations may be reported in the name of the pool or association instead of in the names of the insurers that ceded the reinsurance to the pool or association.

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 5 – Assumed Premium

Column 5 multiplied by 1000 should equal Underwriting and Investment Exhibit, Part 1B, Line 35, Column 2 plus Column 3.

Column 6	–	Reinsurance on Paid Losses and Loss Adjustment Expenses
		Report loss adjustment expenses due and payable to the reinsured. Total multiplied by 1000 should agree with Page 3, Line 2, Column 1.
Column 7	–	Reinsurance on Known Case Losses and LAE
		Known case reserves, obtained from Underwriting and Investment Exhibit – Part 2A, Line 35, Column 2, must be combined with assumed LAE. There is no direct tie-in to Underwriting and Investment Exhibit – Part 2A or Schedule P.
Column 8	–	Totals of Columns 6 + 7 for each category.
Column 9	–	Contingent Commissions Payable
		Profit commissions generated from assumed reinsurance contracts due the reinsured and reflected as part of the liability on Page 3, Column 1, Line 4. Report commission net of return profit commissions. Negative commissions are possible, (i.e., when a contingent commission is receivable.)
		Total of Schedule F, Part 1, Column 9 should agree with assumed commission total reported in Note 23C of Notes to Financial Statements.
Column 10	–	Assumed Premiums Receivable
		Amounts reported should be net of commissions payable. This column reflects assumed reinsurance, premiums receivable less commissions payable included as part of agents' balances on Page 2.
Column 12	–	Funds Held By or Deposited with Reinsured Companies
		Column 12 multiplied by 1000 should agree with Page 2, Line 16.2, Column 3.
Column 15	–	Amount of Assets Pledged or Collateral Held in Trust
		This column reflects amounts that are not otherwise reflected in Column 12 of this schedule that are under the control of reinsurance companies.

SCHEDULE F – PART 2

PREMIUM PORTFOLIO REINSURANCE EFFECTED OR (CANCELED) DURING CURRENT YEAR

This schedule should list by portfolio any original premiums and reinsurance premiums for portfolio reinsurance transactions affected or canceled during the year. Portfolio reinsurance is the transfer of the entire liability of a reporting entity for in force policies as respects a described segment of the reporting entity's business.

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on this schedule. See the Schedule F General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

SCHEDULE F – PART 3

CEDED REINSURANCE
AS OF DECEMBER 31, CURRENT YEAR

If a reporting entity has amounts reported for any of the following required groups, categories, or subcategories, it shall report the subtotal amount of the corresponding group, 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:

Certified Reinsurers

A reporting entity should refer to information published by its domestic state with respect to the rating and collateral requirements applicable to a certified reinsurer. Ratings may vary from state to state however, the rating assigned by the ceding insurer's domestic state is authoritative.

NOTE: Rating upgrades apply on a prospective basis only; i.e., the lower collateral level associated with the upgrade applies only to reinsurance contracts entered into or renewed on or after the date of the upgrade. Rating downgrades apply to all reinsurance contracts entered into or renewed under certified status. As such, it is possible that a reporting entity might have multiple contracts with a single certified reinsurer under different rating/collateral requirements, and should report the amounts attributable to the contracts separately based on the rating/collateral requirements applicable to such balances.

NOTE: Section 8B(8)(d) of the *Credit for Reinsurance Model Regulation* (#786) allows a ceding insurer a three-month grace period for obtaining additional collateral, in the event that a certified reinsurer's rating is downgraded or its certification is revoked, before incurring a provision for reinsurance based on the additional collateral requirement. When the reporting date falls within such a three-month grace period, with respect to such certified reinsurer, the ceding insurer may report collateral required and calculate the provision for reinsurance applicable to collateral deficiency based on the certified reinsurer's rating prior to the downgrade or revocation, unless the reinsurance is found by the state of domicile commissioner to be at high risk of un-collectability.

Counterparty Reporting Exception for Asbestos and Pollution Contracts

Upon approval by the reporting entity's domestic state insurance department, aggregation of individual reinsurers may also be allowed pursuant to the Counterparty Reporting Exception for Asbestos and Pollution Contracts under *SSAP No. 62R—Property Casualty Reinsurance*, paragraphs 66-68. Under this exception, a reporting entity may aggregate reinsurers into one line in Schedule F reflecting the retroactive counterparty under the retroactive agreement for the purposes of determining the Provision for Reinsurance regarding overdue amounts paid by the retroactive counterparty (both authorized and unauthorized). This exception would allow the Provision for Reinsurance to be reduced by reflecting that amounts have been recovered by the reporting entity under the duplicate coverage provided by the retroactive contract, and that inuring balances from the original contract(s) are payable to the retroactive counterparty. In addition, such approval would also permit the substitution of the retroactive counterparty for authorized original reinsurers without overdue balances for purposes of reporting on the primary section of the annual statement Schedule F. If a reporting entity is approved for this exception, pursuant to SSAP No. 62R, the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts must be completed in order to continue to detail the reporting of original reinsurers that are aggregated for one line reporting. This reporting decreases the provision of reinsurance liability for overdue on paid amounts related to a qualifying asbestos and pollution reinsurance contract.

With the approval of the reporting entity's domestic state commissioner pursuant to the applicable state credit for reinsurance law regarding the use of other forms of collateral acceptable to the commissioner, the reporting entity shall present the amount of other approved security related to the retroactive reinsurance agreement as an "Other Allowed Offset Item" with respect to the uncollateralized amounts recoverable from unauthorized reinsurers for paid and unpaid losses and loss adjustment expenses under the original reinsurance contracts. Amounts approved as "Other Allowed Offset Items" shall be reflected as amounts recoverable from the retroactive counterparty and aggregated reporting described in paragraph 66 shall also be applied for unpaid losses and loss adjustment expenses under the original reinsurance contracts. The security applied as an "Other Allowed Offset Item" shall also be reflected in the designated sub-schedule. Such a prescribed or permitted variation from Appendix A-785 in the *Accounting Practices and Procedures Manual* would be disclosed in Annual Statement Note 1. In addition, Note 1 shall disclose as part of the total impact on the provision for reinsurance the impact on the overdue aspects of the calculation if the reporting entity also receives commissioner approval pursuant to paragraph 66 related to overdue paid amounts (both authorized and unauthorized).

Aging of Ceded Reinsurance

For purposes of completing Columns 37 through 41, a paid loss and paid loss adjustment expense recoverable is due pursuant to original contract terms (as the contract stood on the date of execution).

Where the reinsurance agreement specifies or provides for determination of a date at which claims are to be paid by the reinsurer, the aging period shall commence from that date.

Where the reinsurance agreement does not specify a date for payment by the reinsurer, but does specify or provide for determination of a date at which claims are to be presented to the reinsurer for payment, the aging period shall commence from that date.

Where the reinsurance agreement does not specify or provide for the determination of either of such dates, the aging period shall commence on the date on which the ceding company enters in its accounts a paid loss recoverable which, with respect to the particular reinsurer, exceeds $50,000. If the amount is less than $50,000, it should be reported as currently due. Any such amounts so reported in a prior year's annual statement and still outstanding as of the date of this annual statement must be reported under Column 41 and included in Column 42.

In the event that reinsurance is placed through a broker or intermediary, notice to such broker or intermediary shall constitute notice to the reinsurer. Aging of overdue paid loss and paid loss adjustment expense recoverables begins the day after the due date.

All recoverables due from mandatory pools should be reported in Column 37 as being current.

Group or Category	Line Number
Total Authorized	
Affiliates	
U.S. Intercompany Pooling	0199999
U.S. Non-Pool	
Captive	0299999
Other	0399999
Total	0499999
Other (Non-U.S.)	
Captive	0599999
Other	0699999
Total	0799999
Total Authorized - Affiliates	0899999
Other U.S. Unaffiliated Insurers	0999999
Pools	
Mandatory Pools*@	1099999
Voluntary Pools*%	1199999
Other Non-U.S. Insurers#	1299999
Protected Cells	1399999
Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)	1499999

Total Unauthorized

Affiliates

U.S. Intercompany Pooling ... 1599999

U.S. Non-Pool

Captive ... 1699999

Other ... 1799999

Total ... 1899999

Other (Non-U.S.)

Captive ... 1999999

Other ... 2099999

Total ... 2199999

Total Unauthorized – Affiliates ... 2299999

Other U.S. Unaffiliated Insurers ... 2399999

Pools

Mandatory Pools*@ ... 2499999

Voluntary Pools*% ... 2599999

Other Non-U.S. Insurers# ... 2699999

Protected Cells ... 2799999

Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999) ... 2899999

Total Certified

Affiliates

U.S. Intercompany Pooling ... 2999999

U.S. Non-Pool

Captive ... 3099999

Other ... 3199999

Total ... 3299999

Other (Non-U.S.)

Captive ... 3399999

Other ... 3499999

Total ... 3599999

Total Certified – Affiliates ... 3699999

Other U.S. Unaffiliated Insurers ... 3799999

Pools

Mandatory Pools*@ ... 3899999

Voluntary Pools*% ... 3999999

Other Non-U.S. Insurers# ... 4099999

Protected Cells ... 4199999

Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999) ... 4299999

Total Authorized, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999) ... 4399999

Total Protected Cells (Sum of 1399999, 2799999 and 4199999) ... 4499999

Totals (Sum of 4399999 and 4499999) ... 9999999

* – Pools and Associations consisting of affiliated companies should be listed by individual company names.

@ – Include in Mandatory Pools all U.S. Government programs (e.g., National Flood Insurance, National Crop Insurance Corporation), all state residual market mechanisms, the Workers Compensation Reinsurance Pool, and the National Council on Compensation Insurance.

% – Include in Voluntary Pools all pool participation that is voluntary on the part of the reporting entity. Include participation in any state program for which participation is not mandatory.

\# – Alien Pools and Associations should be reported on Schedule F under the category "Other Non-U.S. Insurers."

Column 1 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN)
Certified Reinsurer Identification Number	(CRIN)
Pool/Association Identification Number	

Column 2 – NAIC Company Code

If a reinsurer has merged with another entity, report the company code for the surviving entity.

Column 4 – Domiciliary Jurisdiction

Report the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

For pools and associations enter the state where the administrative office of such pool or association is located.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 5 – Special Code

Special Code "2" – Reinsurance Contracts Ceding 75% or More Direct Premiums Written

Each individual contract, except those listed below, which provides for the cession of 75% or more of direct premiums written under such cession during the year, should be identified by inserting a 2 in this column. The reinsurance transactions so identified shall include both treaty and facultative cessions of direct business written by the company.

Exclude: Intercompany reinsurance transactions with affiliates.

Reinsurance transactions involving any group, association, pool, or organization of insurers that engage in joint underwriting activities and which are subject to examination by any state regulatory authority or which operate pursuant to any state or federal statutory or administrative authorization.

Any reinsurance transaction in which the annual gross premium ceded is less than 5% of policyholder surplus.

Reinsurance transactions involving captive insurance companies.

Special Code "3" – Counterparty Reporting Exception for Asbestos and Pollution Contracts Under *SSAP No. 62R—Property Casualty Reinsurance.*

Each individual reinsurance contract meeting the counterparty reporting exception for asbestos and pollution contracts under SSAP No. 62R, paragraphs 66-68, should be identified by inserting a 3 in this column. This code should be inserted on the line for which the counterparty under the qualifying retroactive contract is reported. See SSAP No. 62R, paragraphs 66-68 for additional information and illustration.

Note **If a reporting entity is approved for this exception, pursuant to SSAP No. 62R, the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts must be completed in order to continue to detail the reporting of original reinsurers that are aggregated for one line reporting.**

Special Code "4" – Incurred but not Reported Losses on Contracts in Force Prior to July 1, 1984, that are Exempt from the Statutory Provision for Unauthorized Reinsurance

Each individual contract that is exempt from the statutory provision for unauthorized reinsurance should be identified by inserting a 4 in this column.

Note If the reporting entity reports any reinsurers with a code of 4, the reporting entity should provide answers to Question 17 of the General Interrogatories Part 2.

Special Code 4 can only be used for transactions reported in the Unauthorized Category Line Numbers.

Special Code "2" could be used in combination with "3" and "4". When used in combination with "3"and 4", "2" should come first (i.e., "23" and "24").

Disclosure should be based on the aggregation of reinsurance by contract types for each reinsurer. Contracts not subject to special codes may be aggregated by category and by reinsurer and as provided in the instructions for parts 1 and 3. For example, all code 2 contracts should be listed separately but should be grouped together, etc. It is possible that a reinsurer may be listed more than once on a particular section of Schedule F.

Column 6 – Reinsurance Premiums Ceded

Total multiplied by 1000 should equal Underwriting and Investment Exhibit, Part 1B, Line 35, Column 4 plus Column 5.

Column 8 – Reinsurance Recoverable on Paid LAE

The total of (Columns 7 plus 8) multiplied by 1000 should be included on Page 2, Line 16.1, Column 3.

Column 9 – Known Case Loss Reserves

Total multiplied by 1000 should agree with Underwriting and Investment Exhibit, Part 2A, Line 35, Column 3.

Column 10 – Known Case LAE Reserves

Exclude: Adjusting & Other Expense Reserves.

Column 11 – IBNR Loss Reserves

Total multiplied by 1000 should agree with Underwriting and Investment Exhibit, Part 2A, Line 35, Column 7.

Column 13 – Unearned Premiums

Total multiplied by 1000 should equal Page 3, Line 9 parenthetical amount.

Column 14 – Contingent Commissions

Include: Contingent commissions receivable from a reinsurer. Regular commissions should be netted with ceded balances payable in Column 17.

Total of Schedule F, Part 3, Column 14 less negative contingent commissions reported in Schedule F, Part 3, Column 18, should agree with ceded commission total reported in Note 23 of the Notes to Financial Statements.

If Column 14 is less than zero, report the amount in Column 18.

Column 16 – Amounts in Dispute Included in Column 15

Report items in dispute by reason of notification, arbitration or litigation. "Notification" means a formal written communication from a reinsurer denying the validity of coverage. (For items in dispute with affiliates, see the NAIC *Accounting Practices and Procedures Manual*).

Column 17 – Ceded Balances Payable

Column 17 multiplied by 1000 should agree with Page 3, Line 12.

Column 18 – Other Amounts Due to Reinsurers

Both Column 17 and Column 18 are liabilities owed to the reinsurer.

Deduct: Reinsurance premiums paid by a ceding company prior to the effective date of the contract and reported as an Other Than Invested Asset. Refer to *SSAP No. 62R—Property and Casualty Reinsurance*.

Exclude: Funds held by company under reinsurance treaties, which are included in Column 20.

Items entered in Column 18 may represent miscellaneous balances owed by the reinsured to the reinsurer on ceded transactions.

Column 19 – Net Amount Recoverable from Reinsurers

Offsets should be included to the extent allowable or appropriate.

Column 20 – Funds Held by Company Under Reinsurance Treaties

Final Total multiplied by 1000 should agree with Page 3, Line 13, Column 1.

Column 21 – Multiple Beneficiary Trust

If the reinsurer utilizes a multiple beneficiary trust account for the purposes of meeting its collateral requirements as a reinsurer to U.S. ceding insurers, report the amounts within such trust that are applicable to the reporting entity's reinsurance ceded to the reinsurer.

Column 22 – Letters of Credit

Report the dollar amount of letters of credit provided by the reinsurer and held by or on behalf of the reporting entity as security for the reinsurer's reinsurance obligations.

Column 23 – Issuing or Confirming Bank Name Reference Number

Enter a reference number in this column (e.g., 0001, 0002, etc.) for each reinsurer that provided a letter(s) of credit to the reporting entity. This reference number will be used in Schedule F, Part 4 to provide more detail of the letter(s) of credit provided by the reinsurer.

If no letter of credit has been provided, leave blank.

Column 24 – Single Beneficiary Trust Funds and Other Allowable Collateral

Report single beneficiary trust funds and other acceptable security.

NOTE: With respect to contracts meeting the requirements of SSAP No. 62R, paragraphs 66-68, if the reporting entity's domestic state insurance department also approves other acceptable forms of security under applicable provisions of the state's credit for reinsurance law, the state may also choose to permit the reporting entity to reflect other approved security provided by the retroactive reinsurance agreement as an "Other Allowed Offset Item." Whether these amounts are reflected within Schedule F, Part 3 in determining the Provision for Reinsurance with respect to the amounts recoverable for unpaid losses and loss adjustment expenses under the original reinsurance contracts will depend on the authorization status of the retroactive counterparty. **Such a prescribed or permitted variation from Appendix A-785 in the *Accounting Practices and Procedures Manual* would be disclosed in Annual Statement Note 1.**

Column 25 – Total Funds Held, Payables & Collateral

(Cols. 17 + 18 + 20 + 21 + 22 + 24; but not in excess of Col. 15), unless Col. 5 Special Code equals "4" then (Cols. 17 + 18 + 20 + 21 + 22 + 24; but not in excess of Col. 15- (Col. 11 +Col. 12)

Column 26 – Net Recoverables, Net of Funds Held & Collateral

(Col. 15 – 25) unless Col. 5 Special Code equals "4" then ((Col. 15 – (Col. 11 + Col. 12)) – Col. 25);

Ceded Reinsurance Credit Risk – Columns 28 through 36

Only complete columns 28 through 36 for the following required groups, categories or subcategories (Line Numbers); otherwise leave blank.

Group or Category	Line Number
Total Authorized	
Affiliates	
(Non-U.S.)	
Captive	0599999
Other	0699999
Total	0799999
Total Authorized – Affiliates	0899999
Other U.S. Unaffiliated Insurers	0999999
Pools	
Voluntary Pools*%	1199999
Other Non-U.S. Insurers#	1299999
Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)	1499999

Total Unauthorized

Other (Non-U.S.)

Captive 1999999
Other 2099999
Total 2199999

Total Unauthorized – Affiliates 2299999

Other U.S. Unaffiliated Insurers 2399999

Pools

Voluntary Pools*% 2599999

Other Non-U.S. Insurers# 2699999

Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999) 2899999

Total Certified

Affiliates

Other (Non-U.S.)

Captive 3399999
Other 3499999
Total 3599999

Total Certified – Affiliates 3699999

Other U.S. Unaffiliated Insurers 3799999

Pools

Voluntary Pools*% 3999999

Other Non-U.S. Insurers# 4099999

Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999) 4299999

Total Authorized, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999) 4399999

Totals (Sum of 4399999 and 4499999) 9999999

Column 28 – Total Amount Recoverable From Reinsurers Less Penalty (Cols. 15 – 27)

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

Column 34 – Reinsurer Designation Equivalent

Following is a listing of the valid codes.

1	2	3	4	5	6	7

Utilize the table below and report a reinsurer designation equivalent code of 1 through 6 (where 6 represented vulnerable 6 or unrated) or 7 (for unrated authorized reinsurers). The equivalent designation category assigned will correspond to a current financial strength rating received from an approved rating agency as outlined in the table below. Ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. If the reinsurer is unauthorized and does not have at least one financial strength rating, it should be assigned the "Vulnerable 6 or Unrated Unauthorized Reinsurers" equivalent rating. If the reinsurer is authorized and does not have at least one financial strength rating, it should be assigned the "Unrated Authorized Reinsurers" equivalent rating. Amounts recoverable from unrated voluntary pools should be assigned the "reinsurer equivalent code of 3." An authorized association including incorporated and individual unincorporated underwriters or a member thereof may utilize the lowest financial strength group rating received from an approved rating agency.

	Reinsurer Designation Equivalent Category						
Code	1	2	3	4	5	6	7
Description	Secure 1	Secure 2	Secure 3	Secure 4	Secure 5	Vulnerable 6 or Unrated Unauthorized Reinsurers	Unrated Authorized Reinsurers
Best	A++	A+	A	A-	B++, B+	B, B-, C++, C+, C, C-, D, E, F	....
S&P	AAA	AA+, AA, AA-	A+, A	A-	BBB+, BBB, BBB-	BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R	....
Moody's	Aaa	Aa1, Aa2, Aa3	A1, A2	A3	Baa1, Baa2, Baa3	Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca,	....
Fitch	AAA	AA+, AA, AA-	A+, A	A-	BBB+, BBB, BBB-	BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R	....

Column 35 – Credit Risk on Collateralized Recoverables

Following is a table of factors applicable to the respective reinsurer designation equivalent categories in Column 34

Code	1	2	3	4	5	6	7
Factor	3.6%	4.1%	[illegible]	5.0%	5.0%	5.0%	5.0%

Column 36 – Credit Risk on Uncollateralized Recoverables

Following is a table of factors applicable to the respective reinsurer designation equivalent categories in Column 34

Code	1	2	3	4	5	6	7
Factor	3.6%	4.1%	4.8%	5.3%	7.1%	14.0%	10.0%

Column 43 – Total Due

Total multiplied by 1000 should agree in part with Page 2, Line 16.1, Column 3.

Total should also agree with Schedule F, Part 3, Columns 7 plus 8.

Column 45 – Recoverable Paid Losses and LAE Over 90 Days Past Due in Dispute

Items in dispute by reason of notification, arbitration or litigation Columns 40 plus 41. "Notification" means a formal written communication from a reinsurer denying the validity of coverage. (For items in dispute with affiliates, see the NAIC *Accounting Practices and Procedures Manual*).

Column 49 – Percentage Overdue and
Column 51 – Percentage More Than 120 Days Overdue

Percentages in the subtotal and total lines should be derived from subtotal and total data.

<u>Provision for Certified Reinsurance – Columns 54 Through 69</u>

NOTE: Columns 54 through 69 are to be completed by those reporting entities whose domiciliary state has enacted the *Credit for Reinsurance Model Law* (#785) and/or *Credit for Reinsurance Model Regulation* (#786) with the defined certified reinsurer provisions.

Only complete columns 54 through 69 for the following required groups, categories, or subcategories (Line Numbers); otherwise leave blank.

Group or Category	Line Number
Total Certified	
Affiliates	
U.S. Intercompany Pooling	2999999
U.S. Non-Pool	
Captive	3099999
Other	3199999
Total	3299999
Other (Non-U.S.)	
Captive	3399999
Other	3499999
Total	3599999
Total Certified – Affiliates	3699999
Other U.S. Unaffiliated Insurers	3799999
Pools	
Mandatory Pools*@	3899999
Voluntary Pools*%	3999999
Other Non-U.S. Insurers#	4099999
Protected Cells	4199999
Total Certified Excluding Protected Cells (Sum of 3699999, 3799999, 3899999, 3999999 and 4099999)	4299999
Total Authorized, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999)	4399999
Total Protected Cells (Sum of 1399999, 2799999 and 4199999)	4499999
Totals (Sum of 4399999 and 4499999)	9999999

Column 54 – Certified Reinsurer Rating (1 through 6)

Report the certified reinsurer's rating as assigned by the ceding insurer's domiciliary state.

Column 55 – Effective Date of Certified Reinsurer Rating

Report the effective date of the certified reinsurer's rating that is applicable to the reinsurance recoverable reported on the individual line.

Column 56 – Percent Collateral Required for Full Credit (0% – 100%)

Report the percentage of collateral that is required to be provided by the certified reinsurer, in accordance with the rating assigned by the ceding insurer's domiciliary state in order for a domestic ceding insurer to receive full financial statement credit for the reinsurance ceded to the certified reinsurer, that is applicable to the reinsurance recoverable reported on the individual line.

Column 57 – Catastrophe Recoverables Qualifying for Collateral Deferral

Report the amount of reinsurance recoverable from the certified reinsurer with respect to catastrophe losses that are subject to any collateral deferral period allowed under the state's credit for reinsurance law and/or regulation.

Column 64 – Provision for Reinsurance with Certified Reinsurers Due to Collateral Deficiency (Col. 19 – Col. 63)

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

<u>Provision for Unauthorized Reinsurance – Columns 71 and 72</u>

Only complete columns 71 and 72 for the following required groups, categories or subcategories (Line Numbers); otherwise enter zero.

Group or Category	Line Number
Total Unauthorized	
Affiliates	
U.S. Intercompany Pooling	1599999
U.S. Non-Pool	
Captive	1699999
Other	1799999
Total	1899999
Other (Non-U.S.)	
Captive	1999999
Other	2099999
Total	2199999
Total Unauthorized – Affiliates	2299999
Other U.S. Unaffiliated Insurers	2399999
Pools	
Mandatory Pools*@	2499999
Voluntary Pools*%	2599999
Other Non-U.S. Insurers	2699999
Protected Cells	2799999
Total Unauthorized Excluding Protected Cells (Sum of 2299999, 2399999, 2499999, 2599999 and 2699999)	2899999
Total Authorized, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999)	4399999
Total Protected Cells (Sum of 1399999, 2799999 and 4199999)	4499999
Totals (Sum of 4399999 and 4499999)	9999999

Provision for Overdue Authorized Reinsurance – Columns 73 and 74

Only complete columns 73 and 74 for the following required groups, categories or subcategories (Line Numbers); otherwise enter zero.

Group or Category	Line Number
Total Authorized	
Affiliates	
U.S. Intercompany Pooling	0199999
U.S. Non-Pool	
Captive	0299999
Other	0399999
Total	0499999
Other (Non-U.S.)	
Captive	0599999
Other	0699999
Total	0799999
Total Authorized – Affiliates	0899999
Other U.S. Unaffiliated Insurers	0999999
Pools	
Mandatory Pools*@	1099999
Voluntary Pools*%	1199999
Other Non-U.S. Insurers#	1299999
Protected Cells	1399999
Total Authorized Excluding Protected Cells (Sum of 0899999, 0999999, 1099999, 1199999 and 1299999)	1499999
Total Authorized, Unauthorized and Certified Excluding Protected Cells (Sum of 1499999, 2899999 and 4299999)	4399999
Total Protected Cells (Sum of 1399999, 2799999 and 4199999)	4499999
Totals (Sum of 4399999 and 4499999)	9999999

Columns 73 & 74 – Provisions for Overdue Authorized Reinsurance

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

Columns 75 through 78 – Total Provisions for Reinsurance

Amounts reported in the detail lines cannot be less than 0. If the calculated amounts are less than 0, then enter 0.

SCHEDULE F – PART 4

ISSUING OR CONFIRMING BANKS FOR LETTERS OF CREDIT FROM SCHEDULE F, PART 3

Column 1 – Issuing or Confirming Bank Name Reference Number:

Enter a reference number in this column (e.g., 0001, 0002, etc.) that corresponds to the reinsurer providing the letter(s) of credit from the issuing or confirming bank. The reference number may be used multiple times if the letter(s) of credit provided by the reinsurer are from more than one bank or as part of a Syndicated Letter of Credit. This should be the same reference number used for Schedule F, Part 3, Column 23

Column 2 – Letter of Credit Code:

Enter "1" for single letter of credit that is not a syndicated letter of credit.

Enter "2" for syndicated letter of credit.

Enter "3" for multiple letters of credit.

Column 3 – Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit (ABA) routing number.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks' undivided interests in its obligations under the credit, provide the ABA routing number for the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the ABA routing number for all banks in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the ABA routing number for all of the banks.

Column 4 – Letter of Credit Issuing or Confirming Bank Name:

Provide the name of each issuing or confirming banks.

For **Fronted Letters of Credit**, where a single bank issues a letter of credit as the fronting bank and sells to other banks' undivided interests in its obligations under the credit, provide the name of the fronting bank but not the other banks participating.

For **Syndicated Letters of Credit**, where one bank acts as agent for a group of banks issuing the letter of credit but each participating bank is severally, not jointly, liable, provide the name of each bank in the syndicate.

For reinsurers providing letters of credit from multiple banks that are not part of a syndicated letter of credit, provide the name of each bank.

Column 5 – Letters of Credit Amount:

Enter the amount for the letter of credit issued or confirmed by the bank.

The sum of the amounts by reference number should equal the amount reported for that reference number in Schedule F, Part 3, Column 22.

The total for this column should also equal the total of Schedule F, Part 3, Column 22.

SCHEDULE F – PART 6

RESTATEMENT OF BALANCE SHEET TO IDENTIFY NET CREDIT FOR REINSURANCE

This schedule need not be completed if the company has no ceded reinsurance in Schedule F, Part 3.

Column 1 – As Reported (Net of Ceded)

Complete the form so that it is consistent with the information reported for the current year on Pages 2 and 3 of the annual statement.

Column 2 – Restatement Adjustments

Enter adjustments to eliminate the effect of ceded reinsurance on balance sheet assets and liabilities except reinsurance ceded to statutorily mandated pools, associations and similar underwriting facilities. The result will be to report the net balance sheet impact of reinsurance in a single asset, "net amount recoverable from reinsurers."

Assets (Page 2)

Line 3 – Reinsurance Recoverable on Loss and Loss Adjustment Expense Payments

This item (Page 2, Line 16.1, Column 3) would become part of the asset, Net Amount Recoverable from Reinsurers.

Line 5 – Other Assets

This item should be adjusted for any balances created from ceded reinsurance that are included in the subject lines. (The sum of Lines 14, 16.3 plus 17 through 25.)

Line 6 – Net Amount Recoverable from Reinsurers

This is the aggregate balance of all reinsurance adjustments to the balance sheet.

Line 7 – Protected Cell Assets

Column 1 should equal line 27 of the Assets page.

Liabilities (Page 3)

Line 9 – Losses and Loss Adjustment Expenses

Column 1 should be the sum of Page 3, Lines 1, 2 and 3.

This item should be adjusted by the amount recoverable from assuming reinsurers, both on reported and IBNR losses (Schedule F, Part 3, Columns 9 through 12 multiplied by 1000).

Line 10 – Taxes, Expenses and Other Obligations

This item should be adjusted for any balances in those lines arising from ceded reinsurance.

Line 11 – Unearned Premiums

This liability should be adjusted by the unearned premium on reinsurance ceded (Schedule F, Part 3, Column 13 multiplied by 1000).

Line 15 – Funds Held by Company Under Reinsurance Treaties

This item (Page 3, Line 13) becomes an offset to net amount recoverable from reinsurers.

Line 16 – Amounts Withheld or Retained by Company for Account of Others

This item should be adjusted for any balances created by ceded reinsurance arrangements.

Line 17 – Provision for Reinsurance

This liability (Page 3, Line 16) becomes an offset to the overall asset "net amount recoverable from reinsurers."

Line 18 – Other Liabilities

This item should be adjusted for any balances from ceded reinsurance, which may be included in the designated lines. (The sum of Lines 15 plus 17 through 25.)

Line 20 – Protected Cell Liabilities

Column 1 should equal line 27 of the Liabilities page.

Schedule H

SCHEDULE H

ACCIDENT AND HEALTH EXHIBIT

"Appropriately" where used in the instructions for Schedule H means the appropriate accident and health portions of reference data. Reconciliation with figures drawn from other parts of the statement may only be possible with respect to Group Accident and Health (Column 3), Credit (Group and Individual) Accident and Health (Column 5) and Other Accident and Health (the combination of Columns 7 through 17) and in some cases may only be possible with respect to Total Accident and Health (Column 1) of Schedule H.

All amounts reportable in Parts 1 through 3 are net of reinsurance; (i.e., reinsurance assumed should be included, reinsurance ceded should be deducted, and net figures entered in the statement.) Part 4, Reinsurance displays the reinsurance assumed and ceded components.

Column 5 – Credit A & H (Group and Individual)

Include: Business not exceeding 120 months duration.

Column 7 – Collectively Renewable

Include: Amounts pertaining to policies which are made available to groups of persons under a plan sponsored by an employer, or an association or a union or affiliated associations or unions or a group of individuals supplying materials to a central point of collection or handling a common product or commodity, under which the reporting entity has agreed with respect to such policies that renewal will not be refused, subject to any specified age limit, while the insured remains a member of the group specified in the agreement unless the reporting entity simultaneously refuses renewal to all other policies in the same group. A sponsored plan shall not include any arrangement where a reporting entity's customary individual policies are made available without special underwriting considerations and where the employer's participation is limited to arranging for salary allotment premium payments with or without contribution by the employer. Such plans are sometimes referred to as payroll budget or salary allotment plans. A sponsored plan may be administered by an agent or trustee.

Amounts pertaining to policies issued by a company or group of companies under a plan, other than a group insurance plan, authorized by special legislation for the exclusive benefit of the aged through mass enrollment.

Amounts pertaining to policies issued under mass enrollment procedures to older people, such as those age 65 and over, in some geographic region or regions under which the reporting entity has agreed with respect to such policies that renewal will not be refused unless the reporting entity simultaneously refuses renewal to all other policies specified in the agreement.

Column 9 – Non-Cancelable

Include: Amounts pertaining to policies, which are guaranteed renewable for life or to a specified age, such as 60 or 65, at guaranteed premium rates.

Column 11 – Guaranteed Renewable

Include: Amounts pertaining to policies that are guaranteed renewable for life or to a specified age, such as 60 or 65, but under which the reporting entity reserves the right to change the scale of premium rates.

Column 13 – Non-Renewable for Stated Reasons Only

Include: Amounts pertaining to policies in which the reporting entity has reserved the right to cancel or refuse renewal for one or more stated reasons, but has agreed implicitly or explicitly that, prior to a specified time or age, it will not cancel or decline renewal solely because of deterioration of health after issue.

Column 17 – All Other

Include: Any other accident and health coverages not specifically required in other columns. All Medicare Part D Prescription Drug Coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

PART 1 – ANALYSIS OF UNDERWRITING OPERATIONS

In each "%" column of Part 1, show the percentages of Line 2 for Lines 3 through [illegible] inclusive.

Line 1 – Premiums Written

Should agree appropriately with those shown in the Underwriting and Investment Exhibit, Part 1B.

Line 2 – Premiums Earned

Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Should agree with Line 1 plus the change in unearned premiums and reserve for rate credits included in Part 2, Section A.

Should agree appropriately with those shown in the Underwriting and Investment Exhibit, Part 1.

Line 3 – Incurred Claims

Should agree appropriately with losses incurred as shown in the Underwriting and Investment Exhibit, Part 2.

Should agree with Schedule H, Part 2, Section C, Line 3; plus Schedule H, Part 3, Line 1.1; plus Schedule H, Part 3, Line 1.2.

Line 4 – Cost Containment Expenses

Report cost containment expenses in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Line 4 plus Line 8 should agree appropriately with the sum of Columns 9, 11, 27 and 29 of the Insurance Expense Exhibit, Part II.

Line 5 – Incurred Claims and Cost Containment Expenses

Sum of Lines 3 and 4.

Line 6 – Increase in Contract Reserves

Should agree with Schedule H, Part 2, Section B, Line 5.

Line 7 – Commissions

Report incurred commissions and expense allowances on reinsurance.

Should agree appropriately with Column 23 of Insurance Expense Exhibit, Part II.

Line 8 – Other General Insurance Expenses

Report general insurance expenses incurred and provision for claim expenses incurred in connection with pending and incurred but unreported claims.

Line 4 plus Line 8 should agree appropriately with the sum of Columns 21, 27 and 29 of the Insurance Expense Exhibit, Part II.

Line 9 – Taxes, Licenses and Fees

Report total taxes (excluding federal income taxes) plus state insurance department licenses and fees.

Should agree appropriately with Column 25 of the Insurance Expense Exhibit, Part II.

Line 10 – Total Other Expenses Incurred

Sum of Lines 7, 8 and 9.

Line 11 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in Schedule Detail of Write-ins Aggregated at Line 11 for Deductions.

Line 12 – Gain From Underwriting Before Dividends or Refunds

Report premiums earned less incurred claims, less increase in policy reserves and less total expenses incurred. Line 2 minus the sum of Lines 5, 6, 10 and 11.

Line 13 – Dividends or Refunds

Should agree appropriately with Column 5 of the Insurance Expense Exhibit, Part II.

Line 14 – Gain From Underwriting After Dividends or Refunds

Line 12 minus Line 13.

Details of Write-ins Aggregated at Line 11 for Deductions

List separately each category of deductions for which there is no pre-printed line on Schedule H, Part 1.

Include: Group conversions, transfers on account of group package policies and contracts, etc.

PART 2 – RESERVES AND LIABILITIES

SECTION A – PREMIUM RESERVES

Should agree appropriately with those in the Underwriting and Investment Exhibit, Part 1A minus amounts reported as contract reserves in Schedule H, Part 2, Section B, below.

Line 4 – Total Premium Reserves, Current Year

Sum of Lines 1, 2 and 3.

Line 5 – Total Premium Reserves, Prior Year

Line 4 from prior year.

Line 6 – Increase in Total Premium Reserves

Line 4 minus Line 5.

SECTION B – CONTRACT RESERVES

Line 1 – Additional Reserves

Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.

Include: Premium deficiency reserve.

Companies must carry a reserve in this line for any policy or block of policies:

(i) With which level premiums are used, or

(ii) With respect to which, due to the gross premium structure at issue, the value of future benefits exceeds the value of appropriate future valuation net premiums.

Companies must carry a reserve for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.

Line 2 – Reserve for Future Contingent Benefits

Companies must carry a reserve on this line that provides for the extension of benefits after termination of the policy or of any insurance thereunder. Such benefits, that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.

An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee's certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the "Extension of Benefits" section of a group policy.

Line 3 – Total Contract Reserves, Current Year

Sum of Lines 1 and 2.

Line 4 – Total Contract Reserves, Prior Year

Line 3 from prior year.

Line 5 – Increase in Contract Reserves

Line 3 minus Line 4.

SECTION C – CLAIM RESERVES AND LIABILITIES

Line 1 – Total Current Year

Should agree appropriately with Net Losses Unpaid shown in the Underwriting and Investment Exhibit, Part 2, Column 5.

Also should agree with Schedule H, Part 3, Line 2.1 plus Schedule H, Part 3, Line 2.2 below.

Line 2 – Total Prior Year

Line 1 from prior year.

Should agree with Schedule H, Part 3, Line 3.2 below.

Line 3 – Increase

Line 1 minus Line 2.

PART 3 – TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES

Lines 1.1 and 1.2 – Claims Paid During the Year on Claims Incurred Prior to and During Current Year

Represents net payments made during the year less the change in amounts still recoverable from reinsurance.

Lines 2.1, 2.2 and 3.2 – Claim Reserves and Liabilities, December 31 on Claims Incurred Prior to and During Current Year

The sum of lines 2.1 and 2.2 should equal Line C1 of Part 2 of this schedule and Line 3.2 should equal Line C2 of Part 2 of this schedule. Line 3.3 represents the result of the test for adequacy of claim provisions. A negative figure will normally indicate a favorable reserve development.

PART 4 – REINSURANCE

Represents the reinsurance assumed and ceded components of Part 1, Lines 1, 2, 3 and 7 of this schedule.

SECTIONS A AND B

Line 2 – Premiums Earned

Premiums earned are before adjustment for the increase in policy reserves that has been treated as a separate deduction.

PART 5 – HEALTH CLAIMS

Companies with less than 5% of premiums in Accident and Health business should not complete this schedule.

Column 3 – Other

Include: All Medicare Part D Prescription Drug coverage, whether sold on a stand-alone basis or through a Medicare Advantage product and whether sold directly to an individual or through a group.

A. DIRECT

Line 4 – Claims Paid

Should agree with Underwriting and Investment Exhibit, Part 2, Column 1, sum of Lines 13, 14 and 15.

B. ASSUMED REINSURANCE

Line 5 – Incurred Claims

Should agree with Schedule H, Part 4, Line A3, Column 1.

Line 8 – Claims Paid

Should agree with Underwriting and Investment Exhibit, Part 2, Column 2, sum of Lines 13, 14 and 15.

C. CEDED REINSURANCE

Line 9 – Incurred Claims

Should agree with Schedule H, Part 4, Line B3, Column 1.

Line 12 – Claims Paid

Should agree with Underwriting and Investment Exhibit, Part 2, Column 3, sum of Lines 13, 14 and 15.

D. **NET**

Line 13 – Incurred Claims

Should agree with Underwriting and Investment Exhibit, Part 2, Column 7, sum of Lines 13, 14 and 15 and Schedule H, Part 1, Line 3, Column 1.

Line 14 – Beginning Claim Reserves and Liabilities

Should agree with Underwriting and Investment Exhibit, Part 2, Column 6, sum of Lines 13, 14 and 15 and Schedule H, Part 2, Line C2, Column 1.

Line 15 – Ending Claim Reserves and Liabilities

Should agree with Underwriting and Investment Exhibit, Part 2, Column 5, sum of Lines 13, 14 and 15 and Schedule H, Part 2, Line C1, Column 1.

Line 16 – Claims Paid

Should agree with Underwriting and Investment Exhibit, Part 2, Column 4, sum of Lines 13, 14 and 15.

E. **NET INCURRED CLAIMS AND COST CONTAINMENT EXPENSES**

Line 17 – Incurred Claims and Cost Containment Expenses

Should agree with Schedule H, Part 1, Line 5, Column 1.

Line 18 – Beginning Reserves and Liabilities

Should agree with Underwriting and Investment Exhibit, Part 3, Column 1 (in part), plus Line 14 above.

Line 19 – Ending Reserves and Liabilities

Should agree with Underwriting and Investment Exhibit, Part 3, Column 1 (in part), plus Line 15 above.

Line 20 – Paid Claims and Cost Containment Expenses

Line 17 plus Line 18 minus Line 19.

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SCHEDULE P

There are seven parts and the interrogatories within Schedule P. Part 1 provides detailed information on losses and loss expenses. Part 2 provides a history of incurred losses and defense & cost containment expenses. Part 3 provides a history of loss and defense & cost containment payments. Part 4 provides a history of bulk and incurred but not reported (IBNR) reserves. Part 5 provides a history of claims. Part 6 provides a history of premiums earned. Part 7 provides a history of loss sensitive contracts. Schedule P Interrogatories provides for additional calculation and explanation of various amounts.

Schedule P is intended to display a summary containing ten years of historical data for all lines of business. The casualty lines of business will display ten years of historical data in their respective sections of Schedule P. Within each part, the property lines of business, and financial guaranty/mortgage guaranty business, will display two-year development (Sections I through L, S and T). Since the Summary of each part contains ten years of historical data, the information from the "Prior" line in the Property Lines, Sections I through L, S and T, must be supplemented for the eight accident years preceding the two most recent years.

Data for Annual Statement Line 30 – Warranty should be reported prospectively (i.e., prior-year amounts need not be restated) starting with the 2008 reporting year.

Data for Annual Statement Line 17.3 – Excess Workers' Compensation should be reported as Other Liability – Occurrence as appropriate for the contractual terms of the policy.

In those instances where a reporting entity files an amended annual statement as a result of a restatement of prior year earned premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement.

Schedule P includes only the data for the reporting entity identified on the Jurat page of the Annual Statement. Do not include consolidated data for affiliated companies except in a Combined Annual Statement. If the reporting entity participates in a pooling agreement, show only its share of the business, not the total for all participants.

When changes to pooling agreements impact prior accident years, historical data values in Schedule P Parts, 1 through 6 should be restated based on the new pooling percentage. This should be done to present meaningful development patterns in Schedule P. When pooling changes only impact future accident years, no restatement of historical values should be made.

Earned premium is on a calendar-year basis. Losses incurred should be assigned to the year in which the event occurred that triggered coverage under the contract. This may be a date of accident (occurrence policies), a date of report (claims-made policies), a policy issue date (tail policies), or a date of discovery (fidelity and surety).

Retroactive reinsurance should not be reflected in Schedule P. The transferor in such an agreement must record, without recognition of the retroactive reinsurance, its loss and loss adjustment expense reserves on a gross basis on its balance sheet and in all schedules and exhibits. The transferee in such an agreement must exclude the retroactive reinsurance from its loss and loss expense reserves and from its schedules and exhibits.

A discount implicit in tabular reserves may be included in Schedule P, Part 1. Schedule P, Part 2 is to be reported gross of ALL discounts. Otherwise, Schedule P is to be presented on a non-discounted basis. Information in Schedule P is to be reported on an undiscounted basis in order to make effective use of the triangles in Parts 2, 3 and 4. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation. If discounting of loss or loss expense reserves is reflected on any line of Page 3 of this Annual Statement, reconciliation is provided in Schedule P, Part 1. Also, workpapers identifying any discount amounts must be available for examination upon request. The tabular reserve discount does not need to be shown separately. Discounting is governed by *SSAP No. 65—Property and Casualty Contracts*.

The reserves for unpaid losses and loss adjustment expenses should take into account the explicit or implicit impacts of the various factors affecting claim frequency or ultimate claim cost.

For guidelines on completing Schedule P, see Exhibit B immediately following the instructions for Schedule P, Part 7.

NOTE: Report all dollar amounts in Schedule P in thousands of dollars ($000 omitted), by either rounding or truncating.

Preparation Tips for Schedule P – Parts 1 and 2

In order to ensure the proper alignment of Schedule P data for all parts, the following simple concepts should be helpful.

- The data for each Summary are gathered uniquely, like any other part of Schedule P. The crosschecks should be referenced and all errors corrected or properly explained prior to submission to the NAIC or state regulators.

- The required data for all lines are calculated in the same manner. In gathering the data, there should be no procedural difference between the long-tailed and short-tailed lines. The vendor software financial reporting package used by the Company will configure the Schedule P data identically for all lines and line groupings.

- In creating the data for Schedule P, Part 1, all lines and data elements should be considered to be long-tailed. Under this methodology, the sum of all lines will equal the Summary. After converting the data to the published format, the short-tailed lines have a unique data configuration required to populate the "Prior" Accident Year. This configuration of "Prior" reflects the current year activity for the eight oldest years. Each company's software vendor provides for this "Prior" data configuration on the individual page specifications. It is important to remember that in the background of all this data, that all lines and years are treated as long-tailed and feed into the Summary.

- In calculating the One-Year and Two-Year developments (columns 11 and 12) for Schedule P, Part 2, the same theory holds true. All lines must be treated as long-tailed and the Summary as just another line. If this is done properly, the individual parts will add to the Summary as intended. From this point, either the short-tailed One-Year and Two Year "Prior" data can be calculated, or the software vendor package will automatically calculate the data.

  While in theory this approach sounds like more work as you are treating all lines as long-tailed and the Summary as a unique and completely separate part; in reality, it provides two benefits:

  Ensures the integrity of the published data; and
  Saves time in the data verification and crosscheck reconciliation process.

The accompanying exhibit displays proper completion of the One-Year and Two-Year developments for Schedule P, Part 2 for a fictitious company. All software vendors provide the user with the capability to populate all lines of business as long-tailed lines, including the short-tailed "Prior" data bucket. If these fields are correctly populated for each accident year, the dilemma of the parts "adding through" is eliminated.

ABC Insurance Company

Schedule P – Part 2

One Year development treating all lines as long-tailed

Part	2A	2B	2C	2D	2E	2F	2G	2H1	2H2	2I
PRIOR	4,237	75,079	320	10,044	6,139	(9,459)	419	9,475		4,012
2009	(770)	2,465	(304)	(2,210)	260		28	(1,585)		(14,266)
2010	(1,018)	(11,985)	(591)	(816)	(1,586)		99	(433)		525
2011	7,432	(39,345)	(906)	(4,303)	576		719	(2,366)		45
2012	1,691	(65,543)	(534)	(97)	(7)		667	(3,89[illegible]		22,247
2013	(1,728)	(98,433)	(995)	(715)	(499)		1,064	(3,[illegible]4)		(485)
2014	(6,570)	(64,722)	(4,382)	(789)	(10,180)		104	[illegible]783		(498)
2015	(26,472)	(37,855)	(1,335)	(3,555)	(1,136)		(10)	(1,[illegible]	4	20
2016	(6,835)	(36,610)	5,440	(6,432)	(1,381)		([illegible])	([illegible]18)		226
Short Tailed Lines "Prior" to 2016										*11,826
2017	(57,706)	97,108	8,941	(11,336)	(9,928)		(291)	(4,773)	56	*(5,402)
2018										*
	(87,739)	(179,841)	5,654	(20,209)	(17,742)	(9,4[illegible]9)	[illegible],776	(14,058)	60	6,424

Part	2J	2K	2L	2N	[illegible]	2P	2R	2S	Calculated	Published On Summary
PRIOR	(879)	951	(4)	([illegible]8)	[illegible]10	(188)	(1,357)	550	99,241	99,241
2009	(37)	(24)	-	(21)	[illegible]641	(46)	3		(15,866)	(15,866)
2010	482	106	-	(3)	19	(792)	(219)		(16,212)	(16,212)
2011	3,933	155	-	(40)	2,061	2,694	(289)		(29,634)	(29,634)
2012	81	134	[illegible]	([illegible]78)	740	1,195	304		(43,193)	(43,193)
2013	(483)	475	[illegible]	(198)	1,257	(102)	53		(104,613)	(104,613)
2014	(3,825)	1,990	-	(184)	2,880	(1,506)	(210)		(87,109)	(87,109)
2015	(10,397)				(3,270)	75	(734)		(85,789)	(85,789)
2016	(11,850)	[illegible]3)	-		(89)		459	0	(63,416)	(63,416)
	*(22,975)	*3,7[illegible]	*(4)					*550	(6,819)	
	*(47,592)	*(3[illegible])	*(1,410)	(133)			267	*	(32,500)	(32,500)
2017	*	[illegible]	*					*		
2018	([illegible]0,567)	3,483	(1,414)	(1,265)	4,649	1,330	(1,723)	550	(379,091)	(379,091)

*"Short Tailed" Lines data as published in the Annual Statement

Two year development treating all lines as long-tailed										
PART	**2A**	**2B**	**2C**	**2D**	**2E**	**2F**	**2G**	**2H 1**	**2H 2**	**2I**
PRIOR	(2,741)	55,142	246	(336)	3,451	(10,477)	(2,014)	(51,123)		3,605
2009	(4,255)	(11,532)	(1,719)	(3,278)	(1,046)		(977)	(705)		38
2010	(605)	(15,319)	(2,030)	(618)	(3,040)		(1,078)	2,361		62
2011	245	(55,250)	(5,311)	(2,325)	1,038		(1,967)	(1,467)		1,213
2012	(10,508)	(131,635)	(4,864)	(400)	(4,017)		(5,532)	(1,702)		22,090
2013	(10,642)	(220,598)	(7,900)	(27)	(2,645)		(2,432)	(3,937)		(1,557)
2014	(22,885)	(187,676)	(2,481)	(861)	(50,205)		(277)	16,911	[illegible]	(5,193)
2015	(79,471)	(113,694)	3,918	(3,745)	(978)		(106)	[illegible]		517
2016	(5,901)	(9,675)	4,163	(6,737)	3,452		(130)	[illegible]		4,965
Two Year Short Tailed Lines "Prior" to 2017										25,740
2017										
2018										
	(136,763)	(690,237)	(15,978)	(18,327)	(53,990)	(10,477)	[illegible]	[illegible]	22	25,740

PART	2J	2K	2L	2N	2O	2P	2R	2S	CALC'D	Published On Summary
PRIOR	(2,484)	(1,177)	29						(897)	(897)
2009	63	(35)	(2)	[illegible]	[illegible]	(40)	281,605	603	251,087	251,087
2010	358	280		[illegible]	[illegible]	(107)	(336)		(20,587)	(20,587)
2011	3,707	645		270	[illegible]	(2,405)	1		(61,928)	(61,928)
2012	(702)	684		(14)	426	4,554	(151)		(128,367)	(128,367)
2013	(1,345)	2,900		38	(514)	1,476	531		(246,652)	(246,652)
2014	(7,127)	5,214		[illegible]	(785)	72	372		(254,930)	(254,930)
2015	(47,435)			28	1,682	(2,204)	83		(240,621)	(240,621)
2016	(181,609)	8,307	[illegible]	(1)	(3,552)	175	754		(145,884)	(145,884)
Two Year Short Tailed Lines "Prior" to 2017								603	(149,339)	
2017										
2018									-	
	(181,609)	[illegible]	(2,380)	2,045	(12,968)	1,521	282,859	603	(848,761)	(848,761)

2018 TWO YEAR DEVELOPMENT FOR SHORT TAILED LINES

	CALENDAR YEAR 2018						CALENDAR YEAR 2016				CAL YR 2018
	PART I						PART I				2 YEAR
	Col 28	Col 21 & 22	Col 8 & 9	Net Inc			Col 28	Col 21 & 22	Col 8 & 9	Net Inc	DEVELOPMENT
PRIOR				3,605	*	PRIOR					3,605
2009	262,784	3	16,571	246,210		2009	262,722	34	16,516	246,172	38
2010	424,677	24	18,417	406,236		2010	424,607	49	18,384	406,174	62
2011	267,960	1	20,508	247,451		2011	266,767	69	20,460	246,238	1,213
2012	2,087,411	11,084	155,378	1,920,949		2012	2,021,162	11,255	111,048	1,898,859	22,090
2013	303,062	41	25,257	277,764		2013	304,811	308	25,182	[illegible]	(1,557)
2014	258,586	39	26,577	231,970		2014	263,995	572	26,260	[illegible]	(5,193)
2015	170,688	87	25,161	145,440		2015	170,401	675	24,803	[illegible]	517
2016	175,590	117	25,243	150,230		2016	170,077	2,483	[illegible]	[illegible]	4,965
2017	187,953	357	22,460	165,136		2017				[illegible]	
2018	192,529	2,530	23,229	166,770		2018				-	
	4,331,240	14,283	358,801	3,961,761			3,884,542	15,445	[illegible]	[illegible]	25,740

	PART J						PART J				
	Col 28	Col 21 & 22	Col 8 & 9	Net Inc			Col 28	Col 21 & 22	Col 8 & 9	Net Inc	
PRIOR				(2,484)	*	PRIOR					(2,484)
2009	2,560,120	15	226,625	2,333,480		2009	[illegible]	[illegible]	226,520	2,333,410	70
2010	2,778,945	30	263,524	2,515,391		2010	[illegible]	[illegible]	263,492	2,515,031	360
2011	2,750,99	163	262,104	2,488,732		2011	[illegible]	276	261,811	2,485,021	3,711
2012	2,942,931	22	296,979	2,645,930		2012	[illegible]	263	296,745	2,646,631	(701)
2013	3,348,506	13	321,499	3,026,994		[illegible]	[illegible]	683	321,256	3,028,345	(1,351)
2014	3,717,939	140	386,290	3,331,509		2014	[illegible]	1,944	385,071	3,338,622	(7,113)
2015	3,664,910	352	452,529	3,212,029		[illegible]	[illegible]	7,567	450,842	3,259,484	(47,455)
2016	3,775,988	1,122	486,502	3,288,364		[illegible]	[illegible]	50,000	449,536	3,415,010	(126,646)
2017	3,950,875	3,020	442,878	[illegible]		2017				-	
2018	4,551,594	42,756	411,617	[illegible]		2018				-	
	34,042,807	47,633	3,550,547	[illegible]			25,737,698	60,871	2,655,273	23,021,554	(181,609)

	PART K						PART K				
	Col 28	Col 21 & 22	Col 8 & 9	Net Inc			Col 28	Col 21 & 22	Col 8 & 9	Net Inc	
PRIOR				(1,177)	*	PRIOR					(1,177)
2009	11,493		[illegible]	11,359		2009	11,528		134	11,394	(35)
2010	11,393		210	11,183		2010	11,113		210	10,903	280
2011	10,416		204	10,212		2011	9,771		204	9,567	645
2012	16,357		221	16,136		2012	15,673		221	15,452	684
2013	[illegible]		317	20,701		2013	18,119	1	317	17,801	2,900
2014	[illegible]		294	8,977		2014	4,057		294	3,763	5,214
2015	145		118	27		2015	145		118	27	
2016	587		460	127		2016	798	7	460	331	(204)
2017	54		17	37		2017				-	
2018	378	8	7	363		2018				-	
	81,112	8	1,982	77,945			71,204	8	1,958	69,238	8,307

	PART L					PART L				2018 2 YEAR
	Col 28	Col 21 & 22	Col 8 & 9	Net Inc		Col 28	Col 21 & 22	Col 8 & 9	Net Inc	DEVELOPMENT
PRIOR				9	* PRIOR					29
2009	3,038		981	2,057	2009	3,040		981	2,059	(2)
2010	5,769		1,046	4,723	2010	5,769		1,046	4,723	-
2011	9,844		962	8,882	2011	9,844		962	8,882	-
2012	5,334		63	5,271	2012	5,334		63	5,271	-
2013	6,221		91	6,130	2013	6,221		91	6,130	-
2014	6,989		37	6,952	2014	6,989		37	[illegible],952	-
2015	6,014		2	6,012	2015	6,014		[illegible]	[illegible],012	-
2016	5,390			5,390	2016	7,837	40		7,[illegible]	(2,407)
2017	3,925		5	3,920	2017					
2018	4,316	40		4,276	2018				-	
	56,840	40	3,187	53,613		51,048	40	3,182	47,826	(2,380)

	PART S					PART [illegible]				
	Col 28	Col 21 & 22	Col 8 & 9	Net Inc		Col 28	C[illegible] 21 & [illegible]	Col 8 & 9	Net Inc	
PRIOR				603	* PRIOR					603
2009	1			1	2009	1			1	-
2010	122		4	118	2010	[illegible]22	4		118	-
2011	(17)		1	(18)	2011	[illegible])	1		(18)	-
2012				-	20[illegible]				-	-
2013				-	2013				-	-
2014				-	2014				-	-
2015				-	[illegible]5				-	-
2016				-	2016				-	-
2017	4		4	-	2017				-	-
2018	8		8	[illegible]	2018				-	
	118	-	[illegible]7	704		106	5		101	603

* The Current year "Prior" Incurred is the sum of [illegible] Current Year "Prior" Paid and the Current Year "Prior" Change in Reserves

SCHEDULE P – PART 1

Part 1 – Summary is the total of the Schedule P lines. For the property lines, it is necessary to supplement the data in the individual sections of Schedule P in order to complete the Part 1 – Summary for all lines for all years. Non-proportional assumed reinsurance – Property, Liability and Financial Lines can be summed together as reported.

The columnar headings provide instructions necessary for completion.

Except for medical professional liability, other liability and products liability which separately display data for occurrence and claims-made coverages and the reinsurance lines, the lines of business are groupings of the lines of business used on the state page. In some cases, the heading of the line of business has been expanded for clarity. Business reported on the Aggregate write-ins for other lines of business line of the Statement of Income and the State Page should be included in the Other Liability sections of Schedule P.

Number of Claims Reported, Column 12, applies to Auto Liability (commercial and private passenger), Workers' Compensation, Medical Professional Liability, Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, Other Liability, Products Liability Auto Physical Damage and Warranty only. This column must be left blank in all other lines, including the Summary. For each year, this Column should include the cumulative number of claims reported through the annual statement date for pooled and non-pooled business. Number of Claims Outstanding, Column 25, must be reported for all lines, except Non-proportional assumed reinsurance – Property, Liability and Financial Lines. For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts. Indicate in the Interrogatories whether per claim or per claimant.

Cumulative salvage and subrogation received and losses and expenses paid should be reported for each specific year. For "prior," report only salvage and subrogation received and losses and expenses paid in current year.

In Schedule P, Part 1, salvage and subrogation received should be reported net of reinsurance, if any. Loss payments are to be reported net of salvage and subrogation received in Schedule P.

Adjusting & Other Payments, Column 9, should only reflect ceded recoveries made in 1997 and subsequent. Adjusting & Other Payments, Column 8, should reflect net payments for 1996 and prior and direct and assumed payments for 1997 and subsequent.

Premiums earned and losses paid, unpaid, and incurred should reconcile with the Statement of Income page. The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.

> "Assumed" means reinsurance assumed, including from affiliated pooling agreements, but excluding any non-proportional reinsurance assumed reported as a separate line and reported accordingly.
>
> "Direct" means as directly written, but not if part of an affiliated pooling agreement.
>
> "Ceded" means reinsurance ceded on business so reported as direct or assumed.

Line 1, "Prior," Columns 4 through 11, (summary and appropriate parts), should only reflect amounts paid or received in the current calendar year.

Report cumulative amounts paid or received for specific years.

The loss adjustment expenses used to be divided in Schedule P into "allocated" and "unallocated," which were terms that were never clearly defined. Effective January 1, 1998, a detailed definition of these expenses was adopted. The distinction is now between "Defense & Cost Containment" and "Adjusting & Other." The loss adjustment expenses are separated with the intent of identifying the "Defense & Cost Containment" expenses as those that are correlated with the loss amounts, and the "Adjusting & Other" as those expenses that are correlated with claim counts or are general loss adjusting expenses. In projecting the necessary reserves for these expenses, actuaries use a different approach for each of the two types of expenses. It is the character of the expenses that is most important, not whether the expenses were internal or external to the reporting entity.

"Defense & Cost Containment" expenses include defense, litigation and cost containment expenses, whether internal or external. "Defense" means defense by the reporting entity in a contentious situation, whether a first party or a third party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm's charges would include. The expenses exclude expenses incurred in the determination of coverage. These expenses include the following items:

1. Surveillance expenses;
2. Fixed amounts for cost containment expenses;
3. Litigation management expenses;
4. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;
5. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if such cost is not included in losses;
6. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
7. The cost of engaging experts.

"Adjusting & Other" expenses are those expenses other than those above and which have been assigned to the "Loss Adjustment Expense" group in the Underwriting and Investment Exhibit, Part 3, Expenses. These expenses include the following items:

1. Fees of adjusters and settling agents (but not if engaged in a contentious defense);
2. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;
3. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder; and
4. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster.

The foregoing list is not intended to be all-inclusive. We are relying on the reporting entities to use reasonable judgment in particular situations.

Reporting entities should assign the "Defense & Cost Containment" expenses to the accident year in which the associated losses were assigned. Reporting entities may assign the "Adjusting & Other" expenses in any justifiable way among the accident years. The preferred way is to apportion these expenses in proportion to the number of claims reported, closed, or outstanding each year.

Please Note: This instruction is intended solely to give guidance on reporting loss adjustment expenses in Schedule P in the annual statement. It is not intended to provide guidance on the types of expenses to include in loss adjustment expenses. These definitions of Defense & Cost Containment expense and Adjusting & Other expenses are not intended to affect insurance or reinsurance agreements or other contractual agreements.

Column 24 is equal to Column 13 – Column 14 + Column 15 – Column 16 + Column 17 – Column 18 + Column 19 – Column 20 + Column 21 – Column 22.

Column 28, "Net," equals Column 26 – Column 27, which equals Column 11 + Column 24.

Columns 32 and 33 require reporting of the discount, if any, as included on any line in Page 3 on liabilities for unpaid losses and expenses, in regard to non-tabular losses and expenses. (See definition of tabular reserves under Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses in the instructions for the Notes to the Financial Statements.) Columns 35 and 36 are the Column 24 unpaid losses and expenses net of the discount in Columns 32 and 33. Columns 35 and 36 must be completed and should agree with net balance sheet reserves after discount. If the reporting entity reports on a pooling basis, then the percentage of that pool reported herein should be entered in Column 34. If some of the business is pooled and some is not, leave Column 34 blank and explain in Interrogatory 7.2 of the Schedule P Interrogatories.

Report in Column 23 the estimated amount of anticipated salvage and subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24. (Note: Column 23 is a memo column only as the amounts contained therein have already been taken into consideration in Columns 13 through 20.)

The definitions of the named lines are the same as used in the Statement of Income page or on the State Page, except that the reinsurance lines are defined:

Non-proportional assumed reinsurance –Property Reinsurance

Includes all the following lines: Fire, Allied Lines, Ocean Marine, Inland Marine, Earthquake, Group Accident and Health, Credit Accident and Health, Other Accident and Health, Auto Physical Damage, Boiler and Machinery, Burglary and Theft and International (of the foregoing).

Non-proportional assumed reinsurance – Liability

Includes all the following lines: Farmowners Multiperil, Homeowners Multiperil, Commercial Multiperil, Medical Professional Liability, Workers' Compensation, Other Liability, Products Liability, Auto Liability, Aircraft (all peril) and International (of the foregoing).

Non-proportional assumed reinsurance – Financial

Includes all the following lines: Financial Guaranty, Fidelity, Surety, Credit, and International (of the foregoing).

All proportional reinsurance must be allocated to appropriate lines.

As used in this instruction "non-proportional reinsurance" means reinsurance in excess of retention by the ceding company, and "proportional reinsurance" means fixed percentage of all losses.

For contracts that afford both proportional and non-proportional reinsurance, allocate premiums and losses to their component parts.

Pooling

Many insurers have a pooling arrangement with affiliated companies, approved by the domiciliary commissioner, in which the business written is reallocated among the affiliated companies according to a specified percentage. Some affiliated companies may be part of the pool and some may not, and some lines may be included and some may not. The premiums and losses are to be reported in Schedule P after such pooling arrangements, not before.

Pooled business ceded is that which, if retained instead of ceded, would be pooled among the affiliated companies who are party to the pooling agreement. Any such business that is ceded by the pool participants to non-pooled companies prior to the pooling distribution among the participating companies is considered pooled business ceded. Non-pooled business includes all direct, assumed, and ceded business not subject to pooling, as well as any pooled business that is ceded after the pooling distribution has been made.

Direct and Assumed columns include the participation in any pool. In addition, all direct business not pooled plus assumed business from other than the pool is to be included. Ceded columns include the company's participation in the pool such as any ceding by the company to companies independent of the pool.

Claim counts should be reported in accordance with the pooling arrangement and should reflect the company's proportionate share of the total number of claims. If the company's losses are 40% of the pool, then 40% of the claim count should be reported.

The pooling percentage is to reflect the company's participation in the pool as of year-end. When changes to pooling agreements impact prior accident years, historical data values in Schedule P Parts, 1 through 6 should be restated based on the new pooling percentage. This should be done to present meaningful development patterns in Schedule P. When pooling changes only impact future accident years, no restatement of historical values should be made. Any significant changes in the pooling arrangements should be reported in the Schedule P Interrogatories. An illustration for reporting pooled business, Exhibit A, follows.

EXHIBIT A

POOLED BUSINESS – SCHEDULE P REPORTING EXAMPLE

This example has been prepared as a clarification of the NAIC *Annual Statement Instructions* to demonstrate how business subject to pooling among affiliated companies should be incorporated in the "Direct + Assumed" and the "Ceded" columns of Schedule P for each affiliated company.

Company A – The Flagship company, does the pooling and cedes some business before pooling.

Company B – Cedes some pool business before ceding to Company A for pooling.

Company C – Cedes business after pooling.

Company D – Cedes nothing except to the pool.

Sample Situation

	Company A	Company B	Company C	Company D	Total
Pool Business:					
1. Direct & Assumed (a)	90,000	15,000	10,000	5,000	120,000
2. Pool Assembly Assumed (Ceded)	25,000	(10,000)	(10,000)	(5,000)	-
3. (Ceded) Before Pooling Dist. (a)	(15,000)(c)	(5,000)(b)	-	-	(20,000)
4. Net Before Pooling Dist.	100,000	-		-	100,000
5. Pooling Dist. Assumed (Ceded)	(25,000)	15,000	7,000	3,000	-
6. Net Retained – Amount	75,000	15,000	7,000	3,000	100,000
– Percent Specified	75%	15%	7%	3%	100%
Non-Pool Business:					
7. Direct & Assumed (e)	5,000	4,000	-	-	9,000
8. (Ceded)	(2,000)(c)	(1,000)(c)	(5,000)(d)	-	(8,000)
9. Net	3,000	3,000	(5,000)	-	1,000
Total Business:					
10. Direct & Assumed Before Pooling	95,000	19,000	10,000	5,000	129,000
11. Pool Assembly Assumed (Ceded)	25,000	(10,000)	(10,000)	(5,000)	-
12. (Ceded) Other Than Pooling	(17,000)	(6,000)	(5,000)	-	(28,000)
13. Pooling Dist. Assumed (Ceded)	(25,000)	15,000	7,000	3,000	-
14. Net	78,000	18,000	2,000	3,000	101,000

(a)	-	Business which, if retained, would be pooled
(b)	-	Ceded before pool assembly (Line 2)
(c)	-	Ceded before pooling distribution (Line 5), before and/or after pool assembly (Line 2)
(d)	-	Ceded after pooling distribution (Line 5)
(e)	-	Business which, if retained, would not be pooled

Schedule P Reporting

Reporting Principle for Pool Business – Each company reports its share/percent of the total pooled "Direct + Assumed" and the total pooled "Ceded" business respectively.

		Company A	Company B	Company C	Company D	Total
Direct + Assumed						
15.	Pool % of Line 1, Total Col.	90,000	18,000	8,400	3,600	120,000
16.	Non-Pooled (Line 7)	5,000	4,000	-	-	9,000
17.	Total	95,000	22,000	8,400	3,600	129,000
(Ceded)						
18.	Pool % of Line 3, Total Col.	(15,000)	(3,000)	(1,400)	(600)	(20,000)
19.	Non-Pooled (Line 8)	(2,000)	(1,000)	(5,000)	-	(8,000)
20.	Total	(17,000)	(4,000)	(6,400)	(600)	(28,000)
21.	Total Net	78,000	18,000	2,000	3,000	101,000

SCHEDULE P – PARTS 1A THROUGH 1T

Reporting entities should complete Schedule P in thousands only but must report all claim counts in whole numbers.

NOTE: For "prior," report amounts paid or received in current year only. Report cumulative amounts paid or received for specific years. Report loss payments net of salvage and subrogation received.

The number of claims reported is to be cumulative by accident year. The number of claims reported in each accident year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment for current and prior calendar years.

If the Company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 6.

Products Liability must be reported separately from Other Liability throughout the statement. This requires that companies separate and restate amounts previously reported as "Other Liability" into the appropriate parts of Schedule P and fully disclose amounts pertaining to "Products Liability." For a definition of what is to be included in each of these lines, refer to the Appendix of these instructions.

For Medical Professional Liability, Other Liability and Products Liability lines, data for occurrence coverages must be reported separately from data for claims-made coverages for accident years 1987 and subsequent. If available, data for occurrence coverages should also be reported separately from data for claims-made coverages for accident years 1986 and prior. If the separate data is not available for accident years 1986 and prior, combined data must be reported in the occurrence parts of Schedule P for those accident years only.

"Claims-made Earned Premiums" shall include earned premiums arising from any policy where the predominant exposure is claims-made, but "Claims-made Earned Premiums" shall not include "Tail Earned Premiums."

"Occurrence Earned Premiums" are all premiums, which are not claims made.

"Tail Earned Premiums" applicable to a claims-made insurance program are to be included in the occurrence Part for the respective line.

The following rules apply to accounting for claims-made losses:

a. The "incurred" date shall be the report date for losses attributable to claims-made (but not "tail" forms).

b. Losses shall be booked to the report year that is consistent with the report year definition contained in the policy.

The rule for accounting for losses incurred on tail policies is that such losses must be assigned to the year in which the policy was issued and are to be included in the Occurrence Part for the respective line.

Report in Column 23 the estimated amount of anticipated salvage and subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24. (Note: Column 23 is a memo column only as the amounts contained therein have already been taken into consideration in Columns 13 through 20.)

In Column 28, "Net," the amount should equal Column 26 – Column 27, which equals Column 11 + Column 24.

SCHEDULE P – PARTS 2, 3, AND 4

All amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance.

Schedule P, Part 2 provides a loss and expense development overview to test the adequacy of the reporting entity's reserves. Schedule P, Part 3 shows the payment patterns for cash flow projections, discounting calculations, and actuarial projections. Schedule P, Part 4 is an exhibit showing the historical bulk and IBNR reserves as reported. Part 4 does not show a development of these reserves, and it will not, by itself, provide a test of the adequacy of these reserves.

Schedule P, Parts 2, 3 and 4 have parallel formats and are the basic exhibits for actuarial and financial analyses. The same Line Titles that applied to Schedule P, Part 1 also apply to Parts 2, 3 and 4.

All amounts are to be reported net of salvage and subrogation paid and anticipated.

All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.

In part 2, the "Development" in Column 11 and 12 should be the current year less the first or second prior year, showing the (redundant) or adverse development.

Report all amounts in thousands of dollars ($000 omitted), by either rounding or truncating.

Loss Adjustment Expenses:

The triangles include only the "Defense & Cost Containment" loss adjustment expenses. The old Schedule P, Parts 2, 3 and 4 contained only the previously termed "allocated" loss adjustment expenses. Now the term "Defense & Cost Containment" is used. As before, the reason for this is that "Defense & Cost Containment" adjustment expenses correlate with loss amounts, but the "Adjusting & Other" adjusting expenses do not.

Bulk and IBNR Reserves:

The Bulk and IBNR reserves for losses and expenses are intended to include reserves for incurred but not reported claims, for reopened claims, for development on case reserves of reported claims, and for aggregate reserves on newly reported claims without specific case reserves. The Bulk and IBNR reserves are the actuarially determined reserves and are included in the losses unpaid and loss expenses unpaid reported in Schedule P, Parts 1 and 2.

These reserves include provision for "defense and cost containment" expenses, unlike the reserves reported in the Underwriting and Investment Exhibit, Part 2A.

The Prior Line:

In Part 2, Line 1, Column 1, include the loss and expense reserves (case + bulk + IBNR) previously reported at year-end of the last year for all accident years prior to the last year. The subsequent development each year across Line 1 will relate to these reserves and will show the subsequent payments and outstanding reserves.

In Part 3, Line 1, Column 1, the amount entered should always be "zero." In Line 1, Column 2, the amount should be the loss and expense payments made in that year on the reserves reported in Part 2, Line 1, Column 1. (These payments should also have been included in Part 2, Line 1, Column 2.) In Line 1, Column 3, the amount should be the loss and expense payments made in that year and the preceding year on the reserves reported in Part 2, Line 1, Column 2. (These payments should also have been included in Part 2, Line 1, Column 3.) Columns 4 through 10 should continue to cumulate the payments in the same way and tie into the Part 2 "prior" line.

In Part 4, Line 1, Column 1, the amount entered should be the bulk and IBNR that was included in Part 2, Line 1, Column 1, (which should equal the case reserves plus the bulk and IBNR). In fact, the entire Line 1 should be the bulk and IBNR included in Part 2, Line 1.

The "prior" line can be reconciled with the immediately preceding year's Annual Statement by breaking down the accident years in the preceding Annual Statement and properly summing the parts.

SCHEDULE P – PART 5

Part 5 is a reporting of claim count information in one location, all of which should have been reported in the current or prior Annual Statements. Section 1 shows the number of claims closed with loss payment, as previously reported in Part 3, Column 11. Section 2 shows the number of claims outstanding, as previously reported in Part 1, Column 25, for all years, since this information has always been required in Schedule P. Section 3 shows the number of claims reported, as previously reported in Part 1, Column 12.

In Section 1, the Prior Line should show the number of claims closed with loss payment in each respective year for prior years.

In Section 2, the Prior Line should show the number of claims outstanding in each respective year for prior years.

In Section 3, the Prior Line should show the number of claims reported in each respective year for prior years. Even though Schedule P, Part 1, Column 12, does not require prior information, reporting entities should have this information available. If not, reasonable estimates should be made.

All claim count information reported in Schedule P should be on a "direct and assumed" basis and should reconcile. "Direct and assumed" means direct plus the proportion of a pool plus proportional reinsurance assumed. The same percentage used for dollar amounts should also be used for the claim counts.

SCHEDULE P – PART 6

For Schedule P, Part 6, the premiums to be reported are exposure or coverage year earned premiums, recalculated each subsequent year to reflect audits, retrospective adjustments based on loss experience, accounting lags, etc. Mechanically, the written premium file would be restated and the earned premium calculation repeated each year. Premium adjustments for policy periods that cover more than one calendar year should be proportionately distributed between the calendar years covered by the policy period. The objective is to develop earned premiums by calendar year of coverage consistent with the loss and Defense & Cost Containment expense by accident year. Only accident years 1993 and subsequent must be reported. The difference between Sections 1 and 2 should equal the proper net earned premiums.

A further objective is to determine a more accurate loss and Defense & Cost Containment expense ratio and to be able to project the earned but unbilled premiums, which may be an asset or liability. The reporting entity may use any method to recalculate the premiums, which will achieve this objective.

The example in Exhibit B demonstrates how the sections should look if all years are retroactively determined and reported. Column 11 is for informational purposes and shows the distribution of premiums earned during the current year for the prior years. Premiums as reported in Schedule P, Part 1, Columns 1 or 2, are also shown at the bottom of the exhibit to demonstrate the relationship and to show how Part 6 reconciles with Part 1.

The Prior Line should show the earned premium adjustment in each respective year for prior years. For prior experience years (columns), Line 1 for a particular year of experience (x) can be determined from the prior year's Schedule P, Part 6, as the sum of Lines 1 plus 2 for experience year (x) (column) minus Line 2 for the preceding year (x-1).

The same features are applicable for Section 2 on ceded business.

NOTE: Purchased tail coverage policies are issued in the year that the coverage is effective. Free extended tail coverage is issued in the year the coverage is triggered.

SCHEDULE P – PART 7

1. Only the experience on contracts that meet the following definition should be included in Schedule P, Part 7.

   Loss sensitive contracts shall meet the following criteria:

   > Contracts where an increase in losses on a policy can cause an increase in net payment (by the insured) for that policy.
   >
   > The amount of additional payment (by the insured) must be at least 75% (50% for reinsurance contracts) of the additional losses, before application of aggregate and per accident/claimant limits or caps.
   >
   > The net amount paid (by the insured) must also be able to differ by at least 20% (10% for reinsurance contracts), from highest to lowest possible charge in reaction to the loss experience.
   >
   > The maximum possible payment by the insured should also be at least 15% (7.5% for reinsurance contracts) above what the insured would pay based on expected loss experience. In other words, the maximum charge should not approximate the expected charge.
   >
   > The additional payment shall be in the form of additional premiums or additional commissions.
   >
   > The additional losses and corresponding payments must flow through the income and balance sheets and cannot be "off-balance sheet." For example, a deductible feature does not make a contract "loss sensitive" under this definition, as neither the losses under the deductible nor the reimbursements for these losses flow through the income statement.

2. Schedule P, Part 7 is only required of reporting entities who claim a reduction in their Risk-Based Capital for Loss Sensitive Contracts. Such reporting entities must complete the entire schedule in each year that they claim such credit.

3. Schedule P, Part 7A provides experience on primary contracts. Schedule P, Part 7B provides experience on reinsurance contracts.

Current Year Loss and LAE Reserves and Net Written Premium

4. Column (1) of Section 1, Parts 7A and 7B of Schedule P should agree with the net loss and loss adjustment expense reserves (undiscounted) reported in the corresponding Part 1 of Schedule P.

5. Column (2) of Section 1, Parts 7A and 7B of Schedule P should reflect the corresponding values for Loss Sensitive Contracts only. Primary Loss Sensitive should include direct losses and expenses unpaid less reinsurance on those direct losses and expenses. Reinsurance Loss Sensitive should include unpaid assumed losses and expenses less any retrocessions on these losses and expenses.

6. Column (4) x 1000 of Section 1 Parts 7A and 7B of Schedule P should agree with the net written premiums reported in the Statement of Income page.

7. Column (5) of Section 1, Parts 7A and 7B of Schedule P should reflect the corresponding premium for Loss Sensitive Contracts only. Primary Loss Sensitive should include direct premiums written on loss sensitive contracts less reinsurance on those direct premiums. Reinsurance Loss Sensitive should include assumed loss sensitive premiums less any retroceded premiums.

8. Columns (3) and (6) of Section 1, Parts 7A and 7B of Schedule P are ratios of (2) to (1) and (5) to (4), respectively. Express as percentages showing one decimal place (e.g., 24.2%).

Loss Development

9. In each row of Section 2, Parts 7A and 7B of Schedule P, display the reported estimate of ultimate losses and Defense & Cost Containment expense on all Loss Sensitive Contracts issued (i.e., with inception dates) in that year. Each reported estimate should be the estimate of ultimate loss and Defense and Cost Containment Expense as of each year-end, not the incremental amounts incurred during each calendar year. The resulting data should display the reported estimate of ultimate losses and Defense and Cost Containment Expense on a Policy Year basis. The "Prior" row should display the reported estimate of ultimate losses and Defense and Cost Containment Expense on a Policy Year basis for all policy years ten or more years older than the current policy year.

   One reasonability benchmark that can be used to verify that the data is presented on a Policy Year basis is to compare the magnitude of an issue year's ultimate loss and Defense and Cost Containment Expense estimates as of twelve months and as of twenty-four months. The valuation as of twenty-four months should be approximately twice as great as the valuation as of twelve months. (For example Issue year 2004 estimate of ultimate losses and Defense and Cost Containment Expense at year-end 2005 should be approximately twice as great as the estimate of Issue Year 2004 ultimate losses and Defense and Cost Containment Expense at year-end 2004.) This reasonability benchmark assumes roughly even policy writings throughout the year. If a company's writings are proportionately greater in the first half of the year than the second half of the year, the valuation as of twelve months can reasonably be expected to be greater than 50% of the twenty-four month valuation.

10. In each row of Section 3, Parts 7A and 7B of Schedule P, show similarly the bulk and IBNR reserves included in the estimate of ultimate loss and Defense and Cost Containment Expense in Section 2 Defense & Cost Containment Expense.

Premium Development

11. Loss Sensitive Reinsurance Contracts must be segmented between those on which premium is the adjustable element, and those on which commissions paid to the cedant are adjustable with losses. The premium development schedule (Sections 4 and 5, Part 7B of Schedule P) should only include the experience of contracts with a variable premium.

12. In Section 4, Parts 7A and 7B of Schedule P for each year of issue, display the net earned premiums reported at the end of each calendar year. Each reported estimate should be the estimate of net earned premium as of each year-end, not the incremental amounts earned during each calendar year. The resulting data should display the reported estimate of net earned premium on a Policy Year basis. The "Prior" row should display the reported estimate of net earned premium on a Policy Year basis for all policy years ten or more years older than the current policy year.

   One reasonability benchmark that can be used to verify that the data is presented on a Policy Year basis is to compare the magnitude of an issue year's net earned premium as of twelve months and as of twenty-four months. The valuation as of twenty-four months should be approximately twice as great as the valuation as of twelve months. This reasonability benchmark assumes roughly even policy writings throughout the year. If a company's writings are proportionately greater in the first half of the year than the second half of the year, the valuation as of twelve months can reasonably be expected to be greater than 50% of the twenty-four month valuation.

   A second reasonability benchmark that can be used to verify the data presentation is to examine the ratio of Section 2 incurred loss and allocated expenses to Section 4 net earned premiums. The ratio of incurred losses to net earned premiums should all be similar at each valuation date. If Section 2 data is not on a policy year basis, but Section 4 is, or vice-versa, the ratios as of twelve months will look very different than the ratios as of twenty-four months.

13. In Section 5, Parts 7A and 7B of Schedule P, show separately any bulk assets or liabilities for future additional premiums or return of premiums included in the earned premium in Section 4. An entry denoting the expectation of future additional premiums should be displayed as a positive value. An entry denoting the expectation of future return premiums should be displayed as a negative value.

Commission Development

14. In Part 7B of Schedule P, for all reinsurance contracts where the commission paid to the cedant varies with losses, display the development of that commission in Section 6 and display any assets or liabilities accrued in respect of the commission in Section 7. An entry denoting the expectation of future additional commissions to be paid should be displayed as a negative value. An entry denoting the expectation of future return commissions should be displayed as a positive value.

EXHIBIT B

Spread of Two Year Lines (I, J, K, L,S, T)

Paid Loss History - Part 1J Auto Physical Damage and Part 1 Summary

	Paid thru 2017		Paid in 2018		Paid thru 2018 Included in Part 1 Summary	
	Direct + Assumed	Ceded	Direct + Assumed	Ceded	Direct + Assumed	Ceded
Prior to 2009	0	0	300	30	300	30
2009	1,000	100	150	15	1,150	115
2010	950	95	143	14	1,093	109
2011	900	90	135	14	1,035	104
2012	850	85	128	[illegible]	978	98
2013	800	80	120	12	920	92
2014	750	75	113	11	863	86
2015	700	70	[illegible]	11	805	81
2016	650	65	98	[illegible]	748	75
2017	600	60	90	9	690	69
2018	0	0	[illegible]	8	83	8
Total	7,200	720	1,463	146	8,663	866
Prior to 2017	6,600	660	[illegible],290	129		

Prior includes payments made in 2018 only

Paid thru 2018 Included in Part 1J (Auto Physical Damage)

	Direct + Assumed	Ceded
Prior to 2017 paid in	1,290	129
2017	690	69
2018	83	8
Total	2,063	206
Diff– History	6,600	660

Schedule P – Part 2 – Incurred Net Losses and Defense and Cost Containment Reported at Year-End

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Prior	Case + Bulk + IBNR rsvs on <2009 @ Ye 2009	paid in 2010 rsvs on < 2009 @ ye 2010	paid 2010 thru 2011 + rsvs on < 2009@ ye 2011	paid 2010 thru 2012 + rsvs on < 2009 @ ye 2012	paid 2010 thru 2013 + rsvs on < 2009 @ ye 2013	paid 2010 thru 2014 + rsvs on < 2009 @ ye 2014	paid 2010 thru 2015 + rsvs on < 2009 @ ye 2015	paid 2010 thru 2016 + rsvs on < 2009 @ ye 2016	paid 2010 thru 2017 + rsvs on < 2009 @ ye 2017	paid 2010 thru 2018 + rsvs on < 2009 @ ye 2018
2009	paid in 2009 + rsvs on 2009 @ ye 2009	paid thru 2010 + rsvs on 2009 @ ye 2010	paid thru 2011 + rsvs on 2009 @ ye 2011	paid thru 2012 + rsvs on 2009 @ ye 2012	paid thru 2013 + rsvs on 2009 @ ye 2013	paid thru 2014 + rsvs on 2009 @ ye 2014	paid thru 2015 + rsvs on 2009 @ ye 2015	paid thru 2016 + rsvs on 2009 @ ye 2016	paid thru 2017 + rsvs on 2009 @ ye 2017	paid thru 2018 + rsvs on 2009 @ ye 2018
2010		paid in 2010 + rsvs on 2010 @ ye 2010	paid thru 2011 + rsvs on 2010 @ ye 2011	paid thru 2012 + rsvs on 2010@ ye 2012	paid thru 2013 + rsvs on 2010 @ ye 2013	paid thru 2014 + rsvs on 2010 @ ye 2014	paid thru 2015 + rsvs on 2010 @ ye 2015	paid thru 2016 + rsvs on 2010 @ ye 2016	paid thru 2017 + rsvs on 2010 @ ye 2017	paid thru 2018 + rsvs on 2010 @ ye 2018
2011			paid in 2011 + rsvs on 2011 @ ye 2011	paid thru 2012 + rsvs on 2011 @ ye 2012	paid thru 2013 + rsvs on 2011 @ ye 2013	paid thru 2014 + rsvs on 2011 @ ye 2014	paid thru 2015 + rsvs on 2011 @ ye 2015	paid thru 2016 + rsvs on 2011 @ ye 2016	paid thru 2017 + rsvs on 2011 @ ye 2017	paid thru 2018 + rsvs on 2011 @ ye 2018
2012				paid in 2012 + rsvs on 2012 @ ye 2012	paid thru 2013 + rsvs on 2012 @ ye 2013	paid thru 2014 + rsvs on 2012 @ ye 2014	paid thru 2015 + rsvs on 2012 @ ye 2015	paid thru 2016 + rsvs on 2012 @ ye 2016	paid thru 2017 + rsvs on 2012 @ ye 2017	paid thru 2018 + rsvs on 2012 @ ye 2018
2013					paid in 2013 + rsvs on 2013 @ ye 2013	paid thru 2014 + rsvs on 2013 @ ye 2014	paid thru 2015 + rsvs on 2013 @ ye 2015	paid thru 2016 + rsvs on 2013 @ ye 2016	paid thru 2017 + rsvs on 2013 @ ye 2017	paid thru 2018 + rsvs on 2013 @ ye 2018
2014						paid in 2014 + rsvs on 2014 @ ye 2014	paid thru 2015 + rsvs on 2014 @ ye 2015	paid thru 2016 + rsvs on 2014 @ ye 2016	paid thru 2017 + rsvs on 2014 @ ye 2017	paid thru 2018 + rsvs on 2014 @ ye 2018
2015							paid in 2015 + rsvs on 2015 @ ye 2015	paid thru 2016 + rsvs on 2015 @ ye 2016	paid thru 2017 + rsvs on 2015 @ ye 2017	paid thru 2018 + rsvs on 2015 @ ye 2018
2016								paid in 2016 + rsvs on 2016 @ ye 2016	paid thru 2017 + rsvs on 2016 @ ye 2017	paid thru 2018 + rsvs on 2016 @ ye 2018
2017									paid in 2017 + rsvs on 2017 @ ye 2017	paid thru 2018 + rsvs on 2017 @ ye 2018
2018										paid in 2018 + rsvs on 2018 @ ye 2018

Notes Figures are net of reinsurance, subrogation, and salvage.

Reserves Only. Subsequent development relates only to subsequent payments and reserves.

From Part 1: Column 11 - (Column 8 - Column 9) + Column 24 - (Column 21 - Column 22)

Schedule P— Part 3 – Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
Prior	000	paid in 2010 on < 2009	paid 2010 thru 2011 on < 2009	paid 2010 thru 2012 on < 2009	paid 2010 thru 2013 on < 2009	paid 2010 thru 2014 on < 2009	paid 2010 thru 2015 on < 2009	paid 2010 thru 2016 on < 2009	paid 2010 thru 2017 on < 2009	paid 2010 thru 2018 on < 2009		
2009	paid in 2009 on 2009	paid thru 2010 on 2009	paid thru 2011 on 2009	paid thru 2012 on 2009	paid thru 2013 on 2009	paid thru 2014 on 2009	paid thru 2015 on 2009	paid thru 2016 on 2009	paid thru 2017 on 2009	paid thru 2018 on 2009		
2010		paid in 2010 on 2010	paid thru 2011 on 2010	paid thru 2012 on 2010	paid thru 2013 on 2010	paid thru 2014 on 2010	paid thru 2015 on 2010	paid thru 2016 on 2010	paid thru 2017 on 2010	paid thru 2018 on 2010		
2011			paid in 2011 on 2011	paid thru 2012 on 2011	paid thru 2013 on 2011	paid thru 2014 on 2011	paid thru 2015 on 2011	paid thru 2016 on 2011	paid thru 2017 on 2011	paid thru 2018 on 2011		
2012				paid in 2012 on 2012	paid thru 2013 on 2012	paid thru 2014 on 2012	paid thru 2015 on 2012	paid thru 2016 on 2012	paid thru 2017 on 2012	paid thru 2018 on 2012		
2013					paid in 2013 on 2013	paid thru 2014 on 2013	paid thru 2015 on 2013	paid thru 2016 on 2013	paid thru 2017 on 2013	paid thru 2018 on 2013		
2014						paid in 2014 on 2014	paid thru 2015 on 2014	paid thru 2016 on 2014	paid thru 2017 on 2014	paid thru 2018 on 2014		
2015							paid in 2015 on 2015	paid thru 2016 on 2015	paid thru 2017 on 2015	paid thru 2018 on 2015		
2016								paid in 2016 on 2016	paid thru 2017 on 2016	paid thru 2018 on 2016		
2017									paid in 2017 on 2017	paid thru 2018 on 2017		
2018										paid in 2018 on 2018		

Notes: Figures are net of reinsurance.
Figures are net of salvage and subrogation received.

[shaded box] From Part 1: Column 4 - Column 5 + Column 6 - Column 7 (or Column 11 - (Column 8 - Column 9))

Contents of "SUMMARY" includes breakout of prior from two year lines I, J, K, L S &T

Summary		10 Year Lines *		"Spread" Two Year Lines	2 Year Lines		Reinsurance A, B, C
Prior		Prior		Prior			Prior
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018	Equals	2009 2010 2011 2012 2013 2014 2015 2016 2017 2018	Plus	2009 2010 2011 2012 2013 2014 2015 2016 2017 2018	Prior to 2017 2017 2018	Plus	2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
		A HO/FO B PRIV. AUTO C COMM. AUTO D W. COMP E CMP F MED MALP G SPEC. LIAB. H OTHER LIAB.		I SPEC. PROP. J AUTO PHYS. DAM. K FID./SURETY L CREDIT, A&H S FIN/MORT GUAR T WARRANTY			N Reins A O Reins B P Reins C
		M INTL R PROD. LIAB		**"Prior to 2017" figures do not include cumulative data for Individual accident years 2016 and before. This info will be captured and maintained elsewhere.**			

Spread of Two Year Lines (I, J, K, L, S, T)

Paid Loss History - Part 3J Auto Physical Damage and Part 3 Summary

	Paid thru 2017		**Paid in 2018**		**Paid thru 2018 Included in Part 3 Summary**		
	Direct + Assumed	Ceded	Direct + Assumed	Ceded	Direct + Assumed	Ceded	Cumulative Prior to 2009 needed for Parts 2 and 3
Prior to 2009*	4,000	400	300	30	4,300	430	
2009	1,000	100	150	15	1,150	115	
2010	950	95	143	14	1,09[illegible]	[illegible]	
2011	900	90	135	14	1,03[illegible]	[illegible]04	
2012	850	85	128	13	9[illegible]	98	
2013	800	80	120	12	920	92	
2014	750	75	113	11	[illegible]63	86	
2015	700	70	105	11	805	81	
2016	650	65	98	10	[illegible]48	75	
2017	600	60	90	9	690	69	
2018	0	0	83	8	83	8	
Total	11,200	1,120	1,463	146	12,663	1,266	

	Direct + Assumed	Ceded
Prior to 2017 Paid thru 2017	10,600	1,060
Less		
Prior to 2017 paid in 2017	1,500	150
Equals		
Prior to 2017 paid thru 2016	9,100	9[illegible]

	Direct + Assumed	Ceded
Paid in 2018, Prior to 2017	1,290	[illegible]29

Paid thru 2018 Included in Part 3J (Auto Physical Damage)

	Direct + Assumed	Ceded
Prior to 2017 paid thru 2018	2,790	279
2017	690	69
2018	83	8
Total	3,563	356

Diff=2016 & prior history	9,100	910

*** Prior to 2004 Paid since 1/1/2009**

Schedule P - Part 4 - Bulk and INBR Reserves on Net Losses and Defense & Cost Containment Expenses Reported at Year End

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Prior	rsvs ye 2009 on < 2009	rsvs ye 2010 on < 2009	rsvs ye 2011 on < 2009	rsvs ye 2012 on < 2009	rsvs ye 2013 on < 2009	rsvs ye 2014 on < 2009	rsvs ye 2015 on < 2009	rsvs ye 2016 on < 2009	rsvs ye 2017 on < 2009	rsvs ye 2018 on < 2009
2009	rsvs ye 2009 on 2009 ay	rsvs ye 2010 on 2009 ay	rsvs ye 2011 on 2009 ay	rsvs ye 2012 on 2009 ay	rsvs ye 2013 on 2009 ay	rsvs ye 2014 on 2009 ay	rsvs ye 2015 on 2009 ay	rsvs ye 2016 on 2009 ay	rsvs ye 2017 on 2009 ay	rsvs ye 2018 on 2009 ay
2010		rsvs ye 2010 on 2010 ay	rsvs ye 2011 on 2010 ay	rsvs ye 2012 on 2010 ay	rsvs ye 2013 on 2010 ay	rsvs ye 2014 on 2010 ay	rsvs ye 2015 on 2010 ay	rsvs ye 2016 on 2010 ay	rsvs ye 2017 on 2010 ay	rsvs ye 2018 on 2010 ay
2011			rsvs ye 2011 on 2011 ay	rsvs ye 2012 on 2011 ay	rsvs ye 2013 on 2011 ay	rsvs ye 2014 on 2011 ay	rsvs ye 2015 on 2011 ay	rsvs ye 2016 on 2011 ay	rsvs ye 2017 on 2011 ay	rsvs ye 2018 on 2011 ay
2012				rsvs ye 2012 on 2012 ay	rsvs ye 2013 on 2012 ay	rsvs ye 2014 on 2012 ay	rsvs ye 2015 on 2012 ay	rsvs ye 2016 on 2012 ay	rsvs ye 2017 on 2012 ay	rsvs ye 2018 on 2012 ay
2013					rsvs ye 2013 on 2013 ay	rsvs ye 2014 on 2013 ay	rsvs ye 2015 on 2013 ay	rsvs ye 2016 on 2013 ay	rsvs ye 2017 on 2013 ay	rsvs ye 2018 on 2013 ay
2014						rsvs ye 2014 on 2014 ay	rsvs ye 2015 on 2014 ay	rsvs ye 2016 on 2014 ay	rsvs ye 2017 on 2014 ay	rsvs ye 2018 on 2014 ay
2015							rsvs ye 2015 on 2015 ay	rsvs ye 2016 on 2015 ay	rsvs ye 2017 on 2015 ay	rsvs ye 2018 on 2015 ay
2016								rsvs ye 2016 on 2016 ay	rsvs ye 2017 on 2016 ay	rsvs ye 2018 on 2016 ay
2017									rsvs ye 2017 on 2017 ay	rsvs ye 2018 on 2017 ay
2018										rsvs ye 2018 on 2018 ay

Notes: Figures are net of reinsurance.

From Part 1: Column 15 - Column 16 + Column 19 - Column 20

Schedule P – Part 6 – Earned Premium Development

Example

Year in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END ($000 OMITTED)										
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 Current Year Premiums Earned
1. Prior	10,000	6,000	4,000	3,000	2,200	1,500	1,000	600	300	100	100
2. 2009	350,000	354,000	356,000	357,000	357,800	358,500	359,000	[illegible]	[illegible]	[illegible]	200
3. 2010	XXXX	355,000	359,000	361,000	362,000	362,800	363,500	[illegible]	[illegible]	364,700	300
4. 2011		XXXX	360,000	364,000	366,000	367,000	367,800	[illegible]	[illegible]	369,400	400
5. 2012			XXXX	365,000	369,000	371,000	372,000	[illegible]	373,500	374,000	500
6. 2013				XXXX	370,000	374,000	[illegible]	[illegible]	377,800	378,500	600
7. 2014					XXXX	375,000	[illegible]	381,000	382,000	382,800	700
8. 2015						XXXX	380,000	384,000	386,000	387,000	1,000
9. 2016							XXXX	385,000	389,000	391,000	2,000
10. 2017								XXXX	390,000	394,000	4,000
11. 2018									XXXX	395,000	395,000
12. Total										XXXX	405,000

Schedule P Part 1 EP	360,000	365,000	370,000	375,000	380,000	385,000	390,000	395,000	400,000	405,000	XXXX

Schedule T

SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN

ALLOCATED BY STATES AND TERRITORIES

This schedule is intended to report premiums, losses and other items allocated to each state or territory during the current reporting period, regardless of the reporting entity's license status in that state or territory. Allocation of premiums and the other items reported on this schedule should be based on the physical location of the insured risk (except individual and group health insurance). Amounts reported as losses should be assigned to the state in which the associated premium has been allocated.

All U.S. business must be allocated by state regardless of license status.

Column 1 – Active Status

Use the following codes to identify the Reporting Entity's status for each state or territory reported in the schedule as of the end of the reporting period. Enter the code that applies to the Reporting Entity's status in the state or territory. Each line must have an entry in order to subtotal Footnote (a).

L –	Licensed or Chartered	(Licensed Insurance Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.)
R –	Registered	(Non-domiciled Risk Retention Groups)
E –	Eligible	(Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile – see DSLI). In some states referred to as nonadmitted.)
Q –	Qualified	(Qualified or Accredited Reinsurer)
D –	DSLI	(Domestic Surplus Lines Insurer (DSLI) – Reporting Entities authorized to write Surplus Lines in the state of domicile)
N –	None of the above	(Not allowed to write business in the state)

Column 2 – Direct Premiums Written

Total to agree with the total of Column 1 in Underwriting and Investment Exhibit, Part 1B.

Column 5 – Direct Losses Paid (Deducting Salvage)

Total to agree with the total of Column 1 in Underwriting and Investment Exhibit, Part 2.

Column 6 – Direct Losses Incurred

Total to agree with the sum of totals for Columns 5 and 7 less the total for Column 7 in the prior annual statement.

Column 7 – Direct Losses Unpaid

Total to equal Underwriting and Investment Exhibit, Part 2A, totals for Columns 1 and 5.

Column 8 – Finance and Service Charges Not Included in Premiums

Report finance and service charges on direct business pursuant to the recognition guidance in *SSAP No. 53—Property Casualty Contracts-Premiums*. If a company cedes 100% of its business to an affiliate or utilizes an intercompany pooling arrangement and pools such charges, exclude the intercompany assumed and ceded amount incorporated in Page 4, Line 13.

**** Column 10 will be electronic only ****

Column 10 – Branch Operations Indicator

Include the indicator "B" if any direct premium or losses in the alien jurisdiction are the result of branch operations. If the premium in the jurisdiction represents both branch operations and other direct business (e.g., the policyholder or group member residence changed to that jurisdiction), then indicate "B." If there are no branch operations in the jurisdiction, then leave blank. The definition of "branch operations" is the definition used by the reporting entity's state of domicile.

The following is provided to illustrate appropriate allocation bases for specific lines of business:

- For property coverages such as fire, homeowners, earthquake, boiler and machinery, and burglary and theft, allocation to a specific state based on the state where each covered property is principally physically located.
- If the property is (or potentially is) in transit, such as for marine coverages, allocate to the beginning state location.
- For automobile coverage (property and liability, commercial and personal) premium associated with each vehicle based on the location of the principal garage for each such insured vehicle.
- For workers' compensation premiums, allocate to each state based on each employee's main work place.
- For liability coverage where a separate premium charge is determined for each physical location that may generate liability claims, allocate to the state consistent with the premium determination by physical location.
- For liability coverage where a single premium amount is determined for multiple locations, allocate to the state of the principal office.
- For premiums written for Federal Purchasing Groups, allocate to each state in which members of the group are located.
- For credit insurance premium, allocate to the residence of the person who ultimately pays the premium. For credit insurance purchased by a borrower specific to a particular loan, allocate to the residence of the borrower or the location of the lender.
- Accident and health premiums should be allocated as required in the health annual statement as shown below.

<u>Definitions</u>

<u>Resident</u>

A member who occupies a dwelling within a state with indications that the state is their primary domicile by payment of taxes, voting registration, and other indicators.

<u>Residence</u>

The domicile location of a member as shown by his or her determination as a resident. In the context of Schedule T, the residence of the policyowner or group member would equate to the location that the member uses for official documents; information maintained by an employer as the home address of the employee would be accepted as a member's residence for allocation purposes.

<u>Situs of the Contract</u>

The jurisdiction in which the contract is issued or delivered as stated in the contract.

Rule of 500

For individual and group health insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed.

Members

A person, employee, retiree, etc., that qualifies for and is covered under a group insurance policy. No consideration should be given to a member's dependents for counting the number of members in a group or in allocating premium and other considerations to the various states and territories.

Allocation by jurisdictions **for individual and group health insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by jurisdiction are encouraged. The method should be established by company policy and must be consistently applied to all policies within each type and for all reporting periods.

For individual policies, allocate and report premium and other considerations to the jurisdiction based on the residence of the policyowner, insured or payer or on the situs of the contract.

For group policies not provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, or on the situs of the contract.

For group policies provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, location of employer or on the situs of the contract.

If using the Rule of 500 for group insurance sold through an association or trust, the following instructions apply:

Apply the Rule of 500 to the association or trust policy first. If the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group or employer in determining the allocation of the premium. The determination of jurisdiction allocation by group or employer should be added to the determination of jurisdiction allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one jurisdiction unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has less than 500 covered members, the premium for that employer may be reported in one state based on the Rule of 500. If an employer covers more than 500 members through the association policy, the premiums would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.