# Official NAIC
# Annual Statement Instructions

## Title

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### For the 2020 reporting year
### Adopted by the NAIC as of June 2020



### UPDATES TO THESE INSTRUCTIONS

There may be modifications to these instructions from year to year. As such, guidance is subject to the maintenance process. Revision bars in the left margin identify changes from the previous year, and modifications that may occur during the current year are made available on the NAIC website at *https://naic-cms.org/cmte_e_app_blanks.htm*.

### CONTENT QUESTIONS

Questions regarding the content of these instructions should be directed to Calvin Ferguson, Senior Insurance Reporting Analyst, at *cferguson@naic.org*.

### ORDER INQUIRIES

Order inquiries may be addressed by an NAIC customer service representative at *prodserv@naic.org*.

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**Investment Schedules**

**EDITOR'S NOTE:**

Some statement pages and items are considered self-explanatory and have no instructions other than what appears on the printed statement blank.

 

# INSTRUCTIONS

## For Completing Title Annual Statement Blank

## FOREWORD

Line titles and columnar headings of the various statement items and lines are in general self-explanatory and as such constitute instructions. Specific instructions are prescribed for items and lines about which there might be questions as to content. Make any entry for which no specific instruction appears in accordance with sound insurance accounting principles and in a manner consistent with related items and lines covered by specific instructions. The NAIC *Accounting Practices and Procedures Manual* is one reference for guidance concerning statutory accounting principles.

For U.S. branches of non-U.S. insurers:

> In completing the annual statement blank, report all business done by the U.S. branch in the United States. The difference between the amounts reported on the Asset page, Line 28, Net Admitted Assets Column and the Liability page, Line 23, Total Liabilities shall be reported on the Liability page, Line 30.

The format of the annual statement facilitates data capture. Therefore, do not change the captions for pre-printed items, lines, or columns and do not insert write-ins between pre-printed items, lines or columns (however, these requirements do not apply to the signature lines on the Jurat Page). An entry for which no specific pre-printed line title appears (for example, Deferred Option Income) should be included in the appropriate write-in line for each schedule or applicable page. Include an identifying title with each entry. Report write-in lines in descending order. The statement provides a limited number of lines for write-ins in each applicable section. Do not modify these pre-printed write-in detail schedules. If there is not sufficient room in a write-in detail schedule to accommodate all write-ins to be reported therein, report the write-in detail overflow on pages sequentially numbered beginning with Page 47 (Overflow page), followed by 47.1, 47.2, etc. In such instances, carry the summary of write-in overflow lines from this page to the prescribed line in the write-in detail schedule.

Each overflow write-in section should adhere to the following example:

Page 2

ASSETS
DETAILS OF WRITE-INS AGGREGATED AT LINE 25 FOR OTHER-THAN-INVESTED-ASSETS

| | | | |
|---|---|---|---|
| 2501. | Write-in caption aaaa | $ | 500,000 |
| 2502. | Write-in caption bbbb | | 350,000 |
| 2503. | Write-in caption cccc | | 250,000 |
| 2598. | Summary of remaining write-ins for Line 25 from Overflow page | | 300,000 |
| 2599. | TOTAL (Lines 2501 through 2503 plus 2598) (Page 2, Line 25) | $ | 1,400,000 |

Overflow Page
Page 2 – Continuation
Assets
Remainder of Write-ins Aggregated in Line 25

| | | | |
|---|---|---|---|
| 2504. | Write-in caption dddd | $ | 100,000 |
| 2505. | Write-in caption eeee | | 75,000 |
| 2506. | Write-in caption ffff | | 50,000 |
| 2507. | Write-in caption gggg | | 50,000 |
| 2508. | Write-in caption hhhh | | 20,000 |
| 2509. | Write-in caption iiii | | 5,000 |
| 2597. | Summary of remaining write-ins for Line 25 (Lines 2504 through 2596) (Page 2, Line 2598) | $ | 300,000 |

More than one detail overflow section may appear on one page. However, the items should remain in page number order. Notwithstanding the prohibition against changing the captions of pre-printed items or columns and against inserting write-ins between pre-printed lines or columns, certain portions of the annual statement may require more lines than are provided. When additional lines are required within any of these statement areas, companies shall continue the sequence of either the pre-printed line number range, or the line number range described in the appropriate instruction area.

When the use of such additional lines requires more room than exists on the pre-printed page, the continuation should be presented on a page, inserted immediately following the pre-printed page, designated as page n.1, n.2, etc. For instance, if Schedule BA, Part 1, Other Long-Term Invested Assets requires more lines, the continuation would be presented on Page E07.1, E07.2, etc. Adequately caption all such additional pages to enable ready identification.

Pre-printed subtotal, total, and grand total lines have specific line numbers assigned. The prescribed subtotal line numbers are set forth in the instructions for the respective annual statement page or part thereof, to which they pertain.

In most instances, the information appearing in the various sections of the statement will be sufficient to meet examination needs. However, each company must maintain adequate records and work papers to support the detail of all accounting transactions, enabling verification of the year-end statement values. Company management should perform a periodic review to determine that these records are accurate, sufficiently detailed, and retained in orderly, safe storage with appropriate retention periods.

## GENERAL

Complete the annual statement in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* except to the extent that: (1) state law may differ, or (2) state rules or regulations require differences in reporting. If guidance is not available from those sources, consult the domiciliary state's insurance regulatory authority.

1. Companies are required to file the quarterly statement 45 days after the end of the quarter and the annual statement on or before March 1 for the preceding calendar year, unless otherwise required.

2. The reporting date and the legal name of the company must be plainly written or stamped at the top of all pages, exhibits and schedules (and duplicate schedules) and also upon all inserted schedules and loose sheets. Where permitted, the assumed name can accompany the legal name.

3. It is the responsibility of the company to prepare and utilize the barcodes correctly. See the Appendix within these instructions for use of specific barcodes.

4. Printed statements or copies produced by some duplicating process on the actual blanks required by this Department, will be accepted if:

   a. Bound in covers similar in color to the blanks required by this Department.

   b. Printed or duplicated by a process resulting in permanent black characters on a good grade of paper of light color.

   c. Such statements and all supporting schedules contain all the information required, with the same headings and footnotes, and are of the same size and arrangement, page for page, column for column, and line for line, as in the blanks required by this Department, unless the company is otherwise instructed.

   State insurance departments, other than the state of domicile, must choose to receive certain detailed investment schedules (as listed below) in hardcopy. The state filing instructions will serve as notice regarding the requirements. However, even if the detailed investment schedules are required by a state other than where the reporting entity is domiciled, those detailed pages may be included in a separate bound statement, provided some reference to the fact is included with the regular filing and in the location where those pages would be included.

   The following schedules are to be filed in paper copy with the state of domicile only, unless specifically requested by other admitted states. The state filing checklist and instructions will serve as notice regarding the paper filing requirements.

   Schedule A
   Schedule B
   Schedule BA
   Schedule D, Parts 1 – 6 (excluding Part 1A)
   Schedule DA, Part 1
   Schedule DB, Parts A–E
   Schedule DL, Parts 1 and 2
   Schedule E, Parts 1, 2 and 3

   If the reporting entity is filing with the NAIC, that filing shall be via the Internet only.

   Photocopied or faxed pages are not acceptable.

## Printing Standards

a. Commercial printers must be furnished with original laser printer output generated at appropriate laser settings to give the highest print quality (no photocopied or faxed pages).

b. No font smaller than 8-point type for the annual statement or 6-point type for all investment schedules may be used. Ornate fonts may not be used.

c. Present numbers in non-bold, non-italic type.

d. Numbers must be non-proportionally spaced.

e. The annual and quarterly statements must be printed at 9 lines per inch.

f. Unobtrusive dotted leader lines shall be printed across the page to guide the eye to the reported figures. They should not touch the reported figures.

g. Slashed zeros (∅) shall not be used.

h. The number of detail write-in lines printed in any detail write-in section shall be three (3). Remaining detail write-in lines, if any, shall be reported on the overflow page.

These rules do <u>not</u> apply to pre-printed line captions, column headings, or footnotes.

If a reporting entity utilizes a software package other than the annual statement vendors' package for producing variable line schedules, the reporting entity is responsible for ensuring that such package(s) meet all of the aforementioned printing standards.

All annual and quarterly statements and all filing forms associated with the annual and quarterly statement filings are to be 8 ½" x 14" unless otherwise specified by state(s).

5. Blank schedules will not be considered properly filed. If no entries are to be made, write "None" or "Nothing" across the schedule in question or complete the appropriate interrogatory of the Supplemental Exhibits and Schedules Interrogatories page of the annual statement blank. If a reporting entity chooses not to file allowable investment schedule detail, the schedule must be stamped, "Details filed with the state of domicile, state of commercial domicile and the NAIC." Companies should account for every page of the annual statement in consecutive page number order. If several consecutive pages are "None", (or in the case of some investment schedules that are not filed in hard copy in all states,) the appropriate page numbers with exhibit or schedule headings may be listed on one page. Insert that page in the appropriate location in the annual statement.

6. If additional supporting statements or schedules are added in connection with answering interrogatories or providing information on the financial statement, the additions should be properly keyed to the item being answered.

7. Any item that cannot be readily classified under one of the printed items must be reported with an identifying title (for example, Deferred option income) in the appropriate write-in section for each applicable page, or section thereof. The statement provides a limited number of lines for write-ins, but companies may add as many lines as necessary.

8. The "include" and "exclude" are examples only and are not intended to be all-inclusive.

9. If this report does not contain the information asked for in the blanks or is not prepared in accordance with these instructions, they will not be considered filed.

10. Report all amounts in whole dollars only, except for designated schedules where 000's are omitted. Companies may elect to report the amounts to the nearest dollar or may truncate digits below a dollar. (Examples: $602,543.52 may be reported as $602,544 by rounding or as $602,543 by truncation.) It is expected that the failure of items to add to the summary totals will reflect this treatment.

11. Report all amounts in U.S. dollars only, except for nominal information included in description fields that may be expressed in a foreign currency. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

12. Effective 01/01/2001, all dates must be reported in the format of MM/DD/YYYY. For investments purchased prior to 01/01/2001 (or where complete dates are not available for activities prior to 01/01/2001), and the company does not have sufficient information to report month or day, 01/01 should be used.

13. The company should not change the page numbers designated in the association blank. If extra pages are needed, for other than sections entitled "Details of Write-Ins" use decimals after the page number, like 37.1, 37.2, etc. For example, General Interrogatories, Part 1 – Common Interrogatories 14, 14.1, 14.2 etc., and Part 2 – Title Interrogatories 15, 15.1, 15.2, etc.

    If pages are doubled up, double up the page numbers also. For example, if Pages 37, 38 and 39 are shown on the same page, show all three page numbers at the bottom of the page like 37, 38 and 39 or 37-39.

14. While there are instances where the filing of an amended annual statement may be necessary (in which case all related filings including electronic filing are resubmitted), the restatement of prior years' results is generally prohibited. The reporting entity should submit such changes with a new Jurat Page, completed in all respects, along with an amended annual statement.

15. Assets and liabilities shall be offset and reported net only when a valid right of setoff exists and if it is not prohibited by specific statements of statutory accounting principles. Refer to *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* for accounting guidance.

16. Unless otherwise specified, report all alphabetic code and YES/NO responses to interrogatories, exhibits and schedules in solid capital letters.

17. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement must be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following:

    Changes in accounting principles or practices or changes in the methods of applying accounting principles or practices.

    Changes in accounting estimates as a result of new events or new information.

    Corrections of errors in previously filed information.

    A merger

    If changes are required for amounts reported in prior years, such changes are included in the amounts reported for the current year. Report the effects of such changes as follows, unless these Instructions or the NAIC *Accounting Practices and Procedures Manual* specifically provide for a different treatment:

    A. The cumulative effect of a change in accounting principles or practices or a change in the method of applying accounting principles or practices should be reported on Page 4, Line 25 Cumulative Effect of Changes in Accounting Principles. The cumulative effect of changing to a new accounting principle is the difference between the amount of net worth at the beginning of the year and the amount of net worth that would have been reported at that date, if the new accounting principle had been applied retroactively for all prior periods. An example of a change in accounting principles would be a change in the method of accounting for pensions or other post-employment benefits.

    B. The effects of changes in accounting estimates are included in income and expenses in the Statement of Revenue, Expenses and Capital & Surplus for the current year. For example, a change in the estimate of loss reserves for losses related to prior years are included in the Statement of Revenue, Expenses and Capital & Surplus in losses incurred for the current year.

C. The effects of changes resulting from corrections of errors in previously filed information (for example, mathematical mistakes, misapplication of accounting principles, or oversight or misuse of facts) should be reported as an adjustment to surplus in the current year. Report such adjustments to surplus with an appropriate identifying title as a write-in item for the Aggregate Write-ins for Gains or (Losses) in Surplus line.

D. In the case of a merger, prior year's amounts reported for assets, liabilities, surplus, revenues and expenses and those amounts reflected in supporting annual statement schedules, are reported on a merged basis consistent with the current year's post-merger reporting basis.

E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus but that materially affect historical information in the financial statement supplemental schedules (e.g., Schedule P) shall be reflected in the current year's schedules with appropriate notations made in the Notes to Financial Statements.

18. Related parties are defined in *SSAP No. 25—Affiliates and Other Related Parties* as entities that have common interests as a result of ownership, control, affiliation or by contract. Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

19. A person is an individual, corporation, partnership, joint venture or any other legal entity. A "parent" is any person that, directly or indirectly, owns or controls the reporting entity. A "subsidiary" is any person that is, directly or indirectly, owned or controlled by the reporting entity. An "affiliate" is any person that is, directly or indirectly, owned or controlled by the same person or by the same group of persons that, directly or indirectly, own or control the reporting entity. The term "affiliate" includes parent and subsidiaries. Control shall be presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote or holds proxies, representing 10% or more of the voting securities of any other person.

20. All reported amounts less than zero shall be represented by the use of parentheses. Parentheses shall also be used to denote those instances in which the reported figure is contrary to what normally would be expected.

21. The Notes to Financial Statements are provided to disclose pertinent information, including comments on items or transactions that are unusual or not self-explanatory or that might otherwise be misunderstood.

## ACTUARIAL OPINION

1. There is to be included with or attached to Page 1 of the Annual Statement, the statement of a Qualified Actuary, entitled "Statement of Actuarial Opinion" (Actuarial Opinion) setting forth his or her opinion relating to reserves specified in the SCOPE paragraph. The Actuarial Opinion, both the narrative and **required** exhibits, shall be in the format of and contain the information required by this section of the *Annual Statement Instructions – Title*.

   The Qualified Actuary must be appointed by the Board of Directors or its equivalent, or by a committee of the Board, by December 31 of the calendar year for which the opinion is rendered. Upon initial appointment (or "retention"), the Company shall notify the domiciliary commissioner within five business days of the appointment with the following information:

   a. Name and title (and, in the case of a consulting actuary, the name of the firm).

   b. Manner of appointment of the Appointed Actuary (e.g., who made the appointment and when).

   c. A statement that the person meets the requirements of a Qualified Actuary.

   Once this notification is furnished, no further notice is required with respect to this person unless the actuary ceases to be appointed or retained or ceases to meet the requirements of a Qualified Actuary.

   If an actuary who was the Appointed Actuary for the immediately preceding filed Actuarial Opinion is replaced by an action of the Board of Directors, the Insurer shall within five (5) business days notify the Insurance Department of the state of domicile of this event. The Insurer shall also furnish the domiciliary commissioner with a separate letter within ten (10) business days of the above notification stating whether in the twenty-four (24) months preceding such event there were any disagreements with the former Appointed Actuary regarding the content of the opinion on matters of the risk of material adverse deviation, required disclosures, scope, procedures, type of opinion issued, substantive wording of the opinion or data quality. The disagreements required to be reported in response to this paragraph include both those resolved to the former actuary's satisfaction and those not resolved to the former actuary's satisfaction. The letter should include a description of the disagreements and the nature of its resolution (or that it was not resolved). The Insurer shall also request in writing such former actuary to furnish a letter addressed to the Insurer stating whether the actuary agrees with the statements contained in Insurer's letter and, if not, stating the reasons for which he or she does not agree; and the Insurer shall furnish such responsive letter from the former actuary to the domiciliary commissioner together with its own.

   The Appointed Actuary must report to the Board of Directors or the Audit Committee each year on the items within the scope of the Actuarial Opinion. The Actuarial Opinion and the Actuarial Report must be made available to the Board of Directors. The minutes of the Board of Directors should indicate that the Appointed Actuary has presented such information to the Board of Directors or the Audit Committee and that the Actuarial Opinion and the Actuarial Report were made available. A separate Actuarial Opinion is required for each company filing an Annual Statement. When there is an affiliated company pooling arrangement, one Actuarial Report for the aggregate pool is sufficient, but there must be addendums to the Actuarial Report to cover non-pooled reserves for individual companies.

   The Actuarial Opinion and the supporting Actuarial Report and workpapers, should be consistent with the appropriate Actuarial Standards of Practice (ASOPs), including but not limited to ASOP No. 23, ASOP No. 36, ASOP No. 41 and ASOP No. 43, as promulgated by the Actuarial Standards Board, and Statements of Principles adopted by the Casualty Actuarial Society.

1A. Definitions

"Qualified Actuary" is a person who is either:

(i) A member in good standing of the Casualty Actuarial Society; or

(ii) A member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries.

"Insurer" or "Company" means a reporting entity authorized to write title insurance under the laws of any state and who files on the Title Blank.

"Actuarial Report" means a document or other presentation, prepared as a formal means of conveying to the state regulatory authority and the Board of Directors, or its equivalent, the actuary's professional conclusions and recommendations, of recording and communicating the methods and procedures, of assuring that the parties addressed are aware of the significance of the actuary's opinion or findings and of documenting the analysis underlying the opinion. The expected content of the Actuarial Report is further described in paragraph 7. (Note that the inclusion of the Board of Directors as part of the intended audience for the Actuarial Report does not change the content of the Actuarial Report as described in paragraph 7. The Appointed Actuary should present findings to the Board of Directors in a manner deemed suitable for such audience.)

1B. Exemptions

An insurer who intends to file for one of the exemptions under this section must submit a letter of intent to its domiciliary commissioner no later than December 1 of the calendar year for which the exemption is to be claimed. The commissioner may deny the exemption prior to December 31 of the same year if the exemption is deemed inappropriate.

A copy of the approved exemption must be filed with the Annual Statement in all jurisdictions in which the company is authorized.

<u>Exemption for Small Companies</u>

An insurer that has less than $1,000,000 total direct plus assumed written premiums during a calendar year, and less than $1,000,000 total direct plus assumed loss and loss adjustment expense reserves at year-end, in lieu of the Actuarial Opinion required for the calendar year, may submit an affidavit under oath of an officer of the insurer that specifies the amounts of direct plus assumed written premiums and direct plus assumed loss and loss adjustment reserves.

<u>Exemption for Insurers under Supervision or Conservatorship</u>

Unless ordered by the domiciliary commissioner, an insurer that is under supervision or conservatorship pursuant to statutory provision is exempt from the filing requirements contained herein.

<u>Exemption for Nature of Business</u>

An insurer otherwise subject to the requirement and not eligible for an exemption as enumerated above may apply to its domiciliary commissioner for an exemption based on the nature of business written.

Financial Hardship Exemption

An insurer otherwise subject to this requirement and not eligible for an exemption as enumerated above may apply to the commissioner for a financial hardship exemption.

Financial hardship is presumed to exist if the projected reasonable cost of the opinion would exceed the lesser of:

(i) One percent (1%) of the insurer's capital and surplus reflected in the insurer's latest quarterly statement for the calendar year for which the exemption is sought; or

(ii) Three percent (3%) of the insurer's direct plus assumed premiums written during the calendar year for which the exemption is sought as projected from the insurer's latest quarterly statements filed with its domiciliary commissioner.

2. The Statement of Actuarial Opinion must consist of an IDENTIFICATION paragraph identifying the Appointed Actuary; a SCOPE paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the actuary's work; an OPINION paragraph expressing his or her opinion with respect to such subjects and one or more additional RELEVANT COMMENTS paragraphs. These four sections must be clearly designated.

3. The IDENTIFICATION paragraph should indicate the Appointed Actuary's relationship to the Company, qualifications for acting as Appointed Actuary, and date of appointment, and specify that the appointment was made by the Board of Directors (or its equivalent) or by a committee of the Board.

   A member of the American Academy of Actuaries qualifying under paragraph 1A(ii) must attach, each year, a copy of the approval letter from the Academy.

   These instructions require that a Qualified Actuary prepare the Actuarial Opinion. If a person who does not meet the definition of a Qualified Actuary has been approved by the insurance regulatory official of the domiciliary state, the Company must attach, each year, a letter from that official stating that the individual meets the state's requirements for rendering the Actuarial Opinion.

4. The SCOPE paragraph should contain a sentence such as the following:

   > "I have examined the actuarial assumptions and methods used in determining reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 20__, and reviewed information provided to me through XXX date."

   Exhibit A should list those items and amounts with respect to which the Appointed Actuary is expressing an opinion.

   The Appointed Actuary should state that the items in the SCOPE paragraph, on which he or she is expressing an opinion, reflect the Disclosure items (8 through 14) in Exhibit B.

   The SCOPE paragraph should include a paragraph such as the following regarding the data used by the Appointed Actuary in forming the opinion:

   > "In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by _________ (name, affiliation and relation to Company). I evaluated that data for reasonableness and consistency. I also reconciled that data to Schedule P, Parts 1 and 2 of the Company's current Annual Statement. In other respects, my examination included such review of the actuarial assumptions and methods used and such tests of the calculations as I considered necessary."

5. The OPINION paragraph should include a sentence that at least covers the points listed in the following illustration:

"In my opinion, the amounts carried in Exhibit A on account of the items identified:

A. Meet the requirements of the insurance laws of (state of domicile).

B. Are computed in accordance with accepted actuarial standards and principles.

C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements."

If there is any aggregation or combination of items in Exhibit A, the opinion language should clearly identify the combined items.

Insurance laws and regulations shall at all times take precedence over the actuarial standards and principles.

If the actuary has made use of the work of another actuary (such as for pools and associations, for a subsidiary or for special lines of business) for a material portion of the reserves, the other actuary must be identified by name and affiliation within the OPINION paragraph.

A Statement of Actuarial Opinion should be made in accordance with one of the following sections (a through e). The actuary must explicitly identify in Exhibit B which type applies.

a. <u>Determination of Reasonable Provision.</u> When the carried reserve amount is within the actuary's range of reasonable reserve estimates, the actuary should issue a Statement of Actuarial Opinion that the carried reserve amount makes a reasonable provision for the liabilities associated with the specified reserves.

b. <u>Determination of Deficient or Inadequate Provision.</u> When the carried reserve amount is less than the minimum amount that the actuary believes is reasonable, the actuary should issue a statement of actuarial opinion that the carried reserve amount does not make a reasonable provision for the liabilities associated with the specified reserves. In addition, the actuary should disclose the minimum amount that the actuary believes is reasonable.

c. <u>Determination of Redundant or Excessive Provision</u>. When the carried reserve amount is greater than the maximum amount that the actuary believes is reasonable, the actuary should issue a Statement of Actuarial Opinion that the carried reserve amount does not make a reasonable provision for the liabilities associated with the specified reserves. In addition, the actuary should disclose the maximum amount that the actuary believes is reasonable.

d. <u>Qualified Opinion.</u> When, in the actuary's opinion, the reserves for a certain item or items are in question because they cannot be reasonably estimated or the actuary is unable to render an opinion on those items, the actuary should issue a qualified Statement of Actuarial Opinion. The actuary should disclose the item (or items) to which the qualification relates, the reasons for the qualification, and the amounts for such item(s), if disclosed by the Company. Such a qualified opinion should state whether the stated reserve amount makes a reasonable provision for the liabilities associated with the specified reserves, *except for* the item (or items) to which the qualification relates. The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the item (or items) in question are not likely to be material.

e. <u>No Opinion.</u> The actuary's ability to give an opinion is dependent upon data, analyses, assumptions, and related information that are sufficient to support a conclusion. If the actuary cannot reach a conclusion due to deficiencies or limitations in the data, analyses, assumptions, or related information, then the actuary may issue a statement of no opinion. A statement of no opinion should include a description of the reasons why no opinion could be given.

6. The Appointed Actuary must provide RELEVANT COMMENT paragraphs to address the following topics of regulatory importance.

   a. Risk of Material Adverse Deviation.

      The Appointed Actuary must provide specific RELEVANT COMMENT paragraphs to address the risk of material adverse deviation. The Appointed Actuary must identify the materiality standard and the basis for establishing this standard with respect to the relevant characteristics of the Company. The materiality standard must also be disclosed in U.S. dollars in Exhibit B: Disclosures. The Appointed Actuary should include an explanatory paragraph to describe the major factors, combination of factors or particular conditions underlying the risks and uncertainties the actuary considers relevant. The explanatory paragraph should not include general, broad statements about risks and uncertainties due to economic changes, judicial decisions, regulatory actions, political or social forces, etc., nor is the Appointed Actuary required to include an exhaustive list of all potential sources of risks and uncertainties. The Appointed Actuary should explicitly state whether or not he or she reasonably believes that there are significant risks and uncertainties that could result in material adverse deviation. This determination is also to be disclosed in Exhibit B.

   b. Other Disclosures in Exhibit B

      RELEVANT COMMENT paragraphs should describe the significance of each of the remaining Disclosure items (8 through 14) in Exhibit B. The Appointed Actuary should address the items individually and in combination when commenting on a material impact.

      If the Company's reserves will cause the ratio of One-Year or Two-Year Known Claims Reserve Development (shown in Schedule P, Part 3) to the respective prior year's Policyholders' Surplus to be greater than 20%, the Appointed Actuary must include RELEVANT COMMENT on the factors that led to the exceptional reserve development.

   c. Reinsurance

      RELEVANT COMMENT paragraphs should address reinsurance collectability, retroactive reinsurance and financial reinsurance .

      The Appointed Actuary's comments on reinsurance collectability should address any uncertainty associated with including potentially-uncollectable amounts in the estimate of ceded reserves. Before commenting on reinsurance collectability, the Appointed Actuary should solicit information from management on any actual collectability problems, review ratings given to reinsurers by a recognized rating service, and examine Schedule F for the current year for indications of regulatory action or reinsurance recoverable on paid losses over ninety (90) days past due. The comment should also reflect any other information the actuary has received from management or that is publicly available about the capability or willingness of reinsurers to pay claims. The Appointed Actuary's comments do not imply an opinion on the financial condition of any reinsurer.

      Retroactive reinsurance refers to agreements referenced in *SSAP No. 62R—Property and Casualty Reinsurance* of the *Accounting Practices and Procedures Manual*.

      Financial reinsurance refers to contracts referenced in *SSAP No. 62R—Property and Casualty Reinsurance* of the *Accounting Practices and Procedures Manual* in which credit is not allowed for the ceding insurer because the arrangements do not include a transfer of both timing and underwriting risk that the reinsurer undertakes in fact to indemnify the ceding insurer against loss or liability by reason of the original insurance.

   d. Reserve Development

      If the Company's reserves will cause the ratio of One-Year or Two-Year Reserve Development (shown in Schedule P, Part 2) to the respective prior year's Policyholders' Surplus to be greater than 20%, the Appointed actuary must include RELEVANT COMMENT on the factors that led to the exceptional reserve development.

e. Methods and Assumptions

If there has been any significant change in the actuarial assumptions and/or methods from those previously employed, that change should be described in a RELEVANT COMMENT paragraph. If the Appointed Actuary is newly-appointed and does not review the work of the prior Appointed Actuary, then the Appointed Actuary should disclose this.

7. The Actuarial Opinion must include assurance that an Actuarial Report and underlying actuarial workpapers supporting the Actuarial Opinion will be maintained at the Company and available for examination for seven years. The Actuarial Report contains significant proprietary information. It is expected that the Actuarial Report be held confidential and not be intended for public inspection. The Actuarial Report must be available by May 1 of the year following the year-end for which the Opinion was rendered or within two (2) weeks after a request from an individual state commissioner.

   The Actuarial Report should be consistent with the documentation and disclosure requirements of ASOP No. 41, Actuarial Communications. The Actuarial Report must contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the Board of Directors, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data (e.g., loss triangles) to the conclusions.

   The Actuarial Report must also include:

   - A description of the Appointed Actuary's relationship to the Company, with clear presentation of the Appointed Actuary's role in advising the Board and/or management regarding the carried reserves. The Actuarial Report should identify how and when the Appointed Actuary presents the analysis to the Board and, where applicable, to the officer(s) of the Company responsible for determining the carried reserves.

   - An exhibit that ties to the Annual Statement and compares the Appointed Actuary's conclusions to the carried amounts consistent with the segmentation of exposure or liability groupings used in the analysis. The Appointed Actuary's conclusions include the Appointed Actuary's point estimate(s), range(s) of reasonable estimates or both.

   - An exhibit that reconciles and maps the data used by the Appointed Actuary, consistent with the segmentation of exposure or liability groupings used in the Appointed Actuary's analysis, to the Annual Statement Schedule P.

   - An exhibit or appendix showing the change in the Appointed Actuary's estimates from the prior Actuarial Report, including extended discussion of factors underlying any material changes. If the Appointed Actuary is newly-appointed and does not review the work of the prior Appointed Actuary, then the Appointed Actuary should disclose this.

   - Extended comments on trends that indicate the presence or absence of risks and uncertainties that could result in material adverse deviation.

   - Extended comments on factors that led to exceptional reserve development, as defined in 6C and 6D, and how these factors were addressed in prior and current analyses.

8. The statement should conclude with the signature of the Appointed Actuary responsible for providing the Actuarial Opinion and the date when the Opinion was rendered. The signature and date should appear in the following format:

____________________________________

Signature of Appointed Actuary
Printed name of Appointed actuary
Employer's name
Address of Appointed Actuary
Telephone number of Appointed Actuary
Email address of Appointed Actuary
Date opinion was rendered

9. The Insurer required to furnish an Actuarial Opinion shall require its Appointed Actuary to notify its Board of Directors or its audit committee in writing within five (5) business days after any determination by the Appointed Actuary that the Opinion submitted to the domiciliary commissioner was in error as a result of reliance on data or other information (other than assumptions) that, as of the balance sheet date, was factually incorrect. The Opinion shall be considered to be in error if the Opinion would have not been issued or would have been materially altered had the correct data or other information been used. The Opinion shall not be considered to be in error if it would have been materially altered or not issued solely because of data or information concerning events subsequent to the balance sheet date or because actual results differ from those projected.

   Notification shall be required for any such determination made between the issuance of the Actuarial Opinion and the balance sheet date for which the next Actuarial Opinion will be issued. The notification should include a summary of such findings and an amended Actuarial Opinion.

   An Insurer who is notified pursuant to the preceding paragraphs shall forward a copy of the summary and the amended Actuarial Opinion to the domiciliary commissioner within five (5) business days of receipt of such and shall provide the Appointed Actuary making the notification with a copy of the summary and amended Actuarial Opinion being furnished to the domiciliary commissioner. If the Appointed Actuary fails to receive such copy within the five (5) business day period referred to in the previous sentence, the Appointed Actuary shall notify the domiciliary commissioner within the next five (5) business days that the submitted Actuarial Opinion should no longer be relied upon or such other notification recommended by the actuary's attorney.

   If the Appointed Actuary learns that the data or other information relied upon was factually incorrect, but cannot immediately determine what, if any, changes are needed in the Actuarial Opinion, the actuary and the Company should undertake as quickly as is reasonably practical those procedures necessary for the Appointed Actuary to make the determination discussed above. If the Insurer does not provide the necessary data corrections and other support (including financial support) within ten (10) business days, the actuary should proceed with the notification discussed above.

   No Appointed Actuary shall be liable in any manner to any person for any statement made in connection with the above paragraphs if such statement is made in a good faith effort to comply with the above paragraphs.

10. Data in Exhibit A and Exhibit B are to be filed in both print and data capture format.

STATEMENT OF ACTUARIAL OPINION

## Exhibit A: SCOPE

DATA TO BE FILED IN BOTH PRINT AND DATA CAPTURE FORMAT

| LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES: | | Amount |
|---|---|---|
| 1. Unpaid Losses and Loss Adjustment Expenses (Schedule P, Part 1, Total Column 24 or 34 if discounting is allowable under state law) | $ | __________ |
| 2. Unpaid Losses and Loss Adjustment Expenses - Direct and Assumed (Should equal Schedule P, Part 1, Summary, Totals from Columns 17, 18, 20, 21, and 23, Line 12 x 1000) | $ | __________ |
| 3. Other items on which the Appointed Actuary is expressing an Opinion (list separately, adding additional lines as needed) | $ | __________ |

## Exhibit B: DISCLOSURES

DATA TO BE FILED IN BOTH PRINT AND DATA CAPTURE FORMAT

NOTE: Exhibit B should be completed for Net dollar amounts included in the SCOPE. If an answer would be different for Direct and Assumed amounts, identify and discuss the difference within RELEVANT COMMENTS.

| | Last | First | Middle |
|---|---|---|---|
| 1. Name of the Appointed Actuary | __________ | __________ | __________ |

2. The Appointed Actuary's relationship to the Company.

   Enter E or C based upon the following:

   E - If an Employee of the Company or Group

   C - If a Consultant __________

3. The Appointed Actuary has the following designation (indicated by the letter code):

   F - If a Fellow of the Casualty Actuarial Society (FCAS)

   A - If an Associate of the Casualty Actuarial Society (ACAS)

   M - If not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter.

   O - For Other __________

4. Type of Opinion, as identified in the OPINION paragraph. Enter R, I, E, Q, or N based upon the following:

   R - If Reasonable

   I - If Inadequate or Deficient Provision

   E - If Excessive or Redundant Provision

   Q - If Qualified (use Q when part of the OPINION is Qualified)

   N - If No Opinion ________

5. Materiality Standard expressed in U.S. dollars (used to answer question #6) $ ________

6. Are there significant risks that could result in Material Adverse Deviation? ________

7. Statutory Surplus (Liabilities, Surplus, and Other Funds Page, Line 32) $ ________

8. Known claims reserve (Liabilities, Surplus, and Other Funds Page, Line 1) $ ________

9. Statutory premium reserve (Liabilities, Surplus, and Other Funds Page, Line 2) $ ________

10. Aggregate of other reserves required by law (Liabilities, Surplus, and Other Funds Page, Line 3) $ ________

11. Supplemental reserve (Liabilities, Surplus, and Other Funds Page, Line 4) $ ________

12. Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P $ ________

13. Discount included as a reduction to loss reserves and loss adjustment expense reserves as reported in Schedule P $ ________

14. Other items on which the Appointed Actuary is providing relevant comment (list separately, adding additional lines as needed) $ ________

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## ANNUAL AUDITED FINANCIAL REPORTS

All states have a statute or regulation that requires an annual audit of their insurance companies by an independent certified public accountant based on the NAIC *Annual Financial Reporting Model Regulation (#205)*. For guidance regarding this model, see Appendix G of the NAIC *Accounting Practices and Procedures Manual.*

The reporting enity shall require the independent certified public accountant to subject the current Schedule P - Part 1 (excluding those amounts related to bulk and IBNR reserves and claim counts) to the auditing procedures applied in the audit of the current statutory financial statements to determine whether Schedule P - Part 1 is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole. It is expected that the auditing procedures applied by the independent CPA to the claim loss and loss adjustment expense data from which Schedule P - Part 1 is prepared would be applied to activity that occurred in the current calendar year (e.g., tests of payments on claims for all accident years that were paid during the current calendar year). [Refer to American Institute of Certified Public Accountants statement of position 92-8.]

The reporting entity shall also require the independent certified public accountant to subject the data used by the appointed actuary to testing procedures. The auditor is required to determine what historical data and methods have been used by management in developing the loss reserve estimate and whether the auditor will rely on the same data or other statistical data in evaluating the reasonableness of the loss reserve estimate. After identifying the relevant data, the auditor should obtain an understanding of the controls related to the completeness, accuracy, and classification of loss data and perform testing as the auditor deems appropriate. Through inquiry of the Appointed Actuary, the auditor should obtain an understanding of the data identified by the Appointed Actuary as significant. It is recognized that there will be instances when data identified by the Appointed Actuary as significant to his or her reserve projections would not otherwise have been tested as part of the audit, and separate testing would be required. Unless otherwise agreed among the Appointed Actuary, management and the auditor, the scope of the work performed by the auditor in testing the loss data in the course of the audit would be sufficient to determine whether the data tested is fairly stated in all material respects in relation to the statutory financial statement taken as a whole. The auditing procedures should be applied to the loss and allocated expense data used by the Appointed Actuary and would be applied to activity that occurred in the current calendar year (e.g., tests of payments on losses paid during the current calendar year).

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## MANAGEMENT'S DISCUSSION AND ANALYSIS[1]

Reporting entities are required to file a supplement to the annual statement titled "Management's Discussion and Analysis" (MD&A) by April 1 each year.

**MD&A Requirements:**

Discuss the reporting entity's financial condition, changes in financial condition and results of operations. The discussion shall provide information as specified in paragraphs that follow and also shall provide such other information that the reporting entity believes to be necessary for an understanding of its financial condition, changes in financial condition and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

### Introduction

1. The MD&A requirements are intended to provide, in one section, material historical and prospective textual disclosure enabling regulators to assess the financial condition and results of operations of the reporting entity. There is a need for a narrative explanation of the financial statements, because a numerical presentation and brief accompanying footnotes alone may be insufficient for regulators to judge the quality of earnings and the likelihood that past performance is indicative of future performance. The MD&A is intended to give the regulator an opportunity to look at the reporting entity through the eyes of management by providing both a short-term and long-term analysis of the business of the reporting entity.

2. The MD&A shall be of the financial statements and of other statistical data that the reporting entity believes will enhance a regulator's understanding of its financial condition, changes in financial condition and results of operations. Generally, the discussion shall cover the two-year period covered by the financial statements and shall use year-to-year comparisons or any other formats that in the reporting entity's judgment enhance a regulator's understanding. However, where trend information is relevant, reference to the five-year selected financial data schedule may be necessary.

3. The purpose of the MD&A shall be to provide regulators with information relevant to an assessment of the financial condition and results of operations of the reporting entity as determined by evaluating the amounts and certainty of cash flows from operations and from outside sources. The information provided pursuant to this MD&A need only include that which is available to the reporting entity without undue effort or expense and which does not clearly appear in the reporting entity's financial statements.

4. Management should ensure that disclosure in MD&A is balanced and fully responsive. To enhance regulator understanding of the financial statements, entities are encouraged to explain in the MD&A the effects of the critical accounting policies applied, the judgments made in their application, and any subsequent changes in assumptions or conditions which would have resulted in materially different reported results. Analytical discussion of significant accounting policies in the MD&A should not include information already reported in the significant accounting policies section of the notes to the financial statement.

5. The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of (a) matters that would have an impact on future operations and have not had an impact in the past, and (b) matters that have had an impact on reported operations and are not expected to have an impact upon future operations.



[1] These requirements have been developed, in part, based upon the requirements set forth in Title 17–Commodity and Securities Exchanges, Chapter II–Securities and Exchange Commission (SEC), Part 229--Standard Instructions for Filing Forms Under Securities Act of 1933, Securities Exchange Act of 1934 and Energy Policy and Conservation Act of 1975, Regulation S-K, Section 229.303 (Item 303) Management's Discussion and Analysis of Financial Condition and Results of Operations. These requirements have also incorporated certain interpretative guidance as set forth in Release No. 33-6835, *SEC Interpretation: Management's Discussion and Analysis of Financial Condition and Results of Operations; Certain Investment Company Disclosures* (issued May 18, 1989), Release No. 33-8040, *Cautionary Advice Regarding Disclosure About Critical Accounting Policies* (issued December 12, 2001) and Release No. 33-8056, *Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations* (issued January 22, 2002).

6. Reporting entities are required to prepare the MD&A on a non-consolidated basis, unless the following conditions are met:

   a. The entity is part of a consolidated group of insurers that utilizes a pooling arrangement or one hundred percent reinsurance agreement that affects the solvency and integrity of the entity's reserves and such entity ceded substantially all of its direct and assumed business to the pool. An entity is deemed to have ceded substantially all of its direct and assumed business to a pool if the entity has less than $1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than 5% of the company's capital and surplus.

   Or

   b. The entity's state of domicile permits audited consolidated financial statements.

   If a group of insurance companies prepares the MD&A on a consolidated basis, the discussion should identify and discuss significant differences between reporting entities (e.g., investment mix, leverage, liquidity, etc.).



**Results of Operations**

7. Reporting entities should describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported net income or other gains/losses in surplus and, in each case, indicate the extent to which net income or surplus was so affected. In addition, describe any other significant components of income that, in the reporting entity's judgment, should be described in order to understand the reporting entity's results of operations.

8. Reporting entities should describe any known trends or uncertainties that have had or are reasonably probable to have a material favorable or unfavorable impact on premiums, net income or other gains/losses in surplus. If the reporting entity knows of events that will cause a material change in the relationship between expenses and premium, the change in the relationship shall be disclosed.

9. To the extent that the financial statements disclose material increases in premium, reporting entities should provide a narrative discussion of the extent to which such increases are attributable to increases in prices or to increases in the volume or amount of existing products being sold or to the introduction of new products.

**Prospective Information**

10. Reporting entities are encouraged to supply forward-looking information. The MD&A may include discussions of "known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the reporting entity's liquidity increasing or decreasing in any material way." Further, descriptions of known material trends in the reporting entity's capital resources and expected changes in the mix and cost of such resources should be included. Disclosure of known trends or uncertainties that the reporting entity reasonably expects will have a material impact on premium, net income or other gains/losses in surplus is also encouraged.

11. In the event that a reporting entity does supply forward-looking information, the reporting entity may disclaim any responsibility for the accuracy of such information and condition the delivery of such information upon a waiver of any claim under any theory of law based on the inaccuracy of such information; provided that the reporting entity supplied such information in good faith.

**Material Changes**

12. Reporting entities are required to provide adequate disclosure of the reasons for material year-to-year changes in line items, or discussion and quantification of the contribution of two or more factors to such material changes. An analysis of changes in line items is required where material and where the changes diverge from changes in related line items of the financial statements, where identification and quantification of the extent of contribution of each of two or more factors is necessary to an understanding of a material change, or where there are material increases or decreases in net premium.

13. Repetition and line-by-line analysis is not required or generally appropriate when the causes for a change in one line item also relate to other line items. The discussion need not recite amounts of changes readily computable from the financial statements and shall not merely repeat numerical data contained in such statements. However, quantification should otherwise be as precise, including use of dollar amounts or percentages, as reasonably practicable.

**Liquidity, Asset/Liability Matching and Capital Resources**

14. The term "liquidity" as used in this MD&A refers to the ability of the reporting entity to generate adequate amounts of cash to meet the reporting entity's needs for cash. Except where it is otherwise clear from the discussion, the reporting entity shall indicate those balance sheet conditions or income or cash flow items, which the reporting entity believes, may be indicators of its liquidity condition. Liquidity generally shall be discussed on both a long-term and short-term basis. The issue of liquidity shall be discussed in the context of the reporting entity's own business or businesses.

15. The discussion of liquidity shall include a discussion of the nature and extent of restrictions on the ability of subsidiaries to transfer funds to the reporting entity in the form of cash dividends, loans or advances and the impact such restrictions may, if any, have on the ability of the reporting entity to meet its cash obligations.

16. Generally, short-term liquidity and short-term capital resources cover cash needs up to 12 months into the future. These cash needs and the sources of funds to meet such needs relate to the day-to-day operating expenses of the reporting entity and material commitments coming due during that 12-month period.

17. The discussion of long-term liquidity and long-term capital resources must address material expenditures, significant balloon payments or other payments due on long-term obligations, and other demands or commitments, including any off-balance sheet items, to be incurred beyond the next 12 months, as well as the proposed sources of funding required to satisfy such obligations.

18. Reporting entities should identify any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the reporting entity's liquidity increasing or decreasing in any material way. If a material decline in liquidity is identified, indicate the course of action that the reporting entity has taken or proposes to take to remedy the decline. Also identify and separately describe internal and external sources of liquidity, and briefly discuss any material unused sources of liquid assets.

19. Reporting entities should describe any known material trends, favorable or unfavorable, in the reporting entity's capital resources. Indicate any expected material changes in the mix and relative cost of such resources. The discussion shall consider changes between equity, debt and any off-balance sheet financing arrangements.

20. Reporting entities are expected to use the statement of cash flows, and other appropriate indicators, in analyzing their liquidity, and to present a balanced discussion dealing with cash flows from investing and financing activities as well as from operations. This discussion should address those matters that have materially affected the most recent period presented but are not expected to have short-term or long-term implications, and those matters that have not materially affected the most recent period presented but are expected materially to affect future periods. Examples of such matters include:

    a. Discretionary operating expenses such as expenses relating to advertising;

    b. Debt refinancings or redemptions;

    c. Dividend requirements to the reporting entity’s parent to fund the parent’s operations or debt service; or

    d. Future potential sources of capital, such as a parent entity’s planned investment in the reporting entity, and the form of that investment.

21. MD&A disclosures should not be overly general. For example, disclosure that the reporting entity has sufficient short-term funding to meet its liquidity needs for the next year provides little useful information. Instead, reporting entities should consider describing the sources of short-term funding and the circumstances that are reasonably likely to affect those sources of liquidity. The discussion should be limited to material risks, and, as with the MD&A generally, should be sufficiently detailed and tailored to the entity's individual circumstances, rather than "boilerplate."

22. If the reporting entity's liquidity is dependent on the use of off-balance sheet financing arrangements, such as securitization of receivables or obtaining access to assets through special purpose entities, the reporting entity should consider disclosure of the factors that are reasonably likely to affect its ability to continue using those off-balance sheet financing arrangements. Reporting entities also should make informative disclosures about matters that could affect the extent of funds required within management's short- and long-term planning horizons.

23. Reporting entities are reminded that identification of circumstances that could materially affect liquidity is necessary if they are "reasonably likely" to occur. This disclosure threshold is lower than "more likely than not." (See guidance provided in *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*.) Market price changes, economic downturns, defaults on guarantees, or contractions of operations that have material consequences for the reporting entity's financial position or operating results can be reasonably likely to occur under some conditions. Material effects on liquidity as a result of any reasonably likely changes should be disclosed.

24. To identify trends, demands, commitments, events and uncertainties that require disclosure, management should consider the following:

    a. Provisions in financial guarantees or commitments, debt agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation, such as adverse changes in the reporting entity's credit rating, financial ratios, earnings, cash flows, stock price or changes in the value of underlying, linked or indexed assets;

    b. Circumstances that could impair the reporting entity's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential, or that could render that activity commercially impracticable, such as the inability to maintain a specified claims paying ability or investment grade credit rating, level of earnings, earnings per share, financial ratios, or collateral; and

    c. Factors specific to the reporting entity and its markets that the reporting entity expects to be given significant weight in the determination of the reporting entity's credit rating or will otherwise affect the reporting entity's ability to raise short-term and long-term financing.

**Loss Reserves (Property & Casualty Companies only)**

25. The MD&A should include a discussion of those items that affect the reporting entity’s volatility of loss reserves, including a description of those risks that contribute to the volatility.

**Off-Balance Sheet Arrangements**

26. Reporting entities should consider the need to provide disclosures concerning transactions, arrangements and other relationships with entities or other persons that are reasonably likely to affect materially liquidity or the availability of or requirements for capital resources. Specific disclosure may be necessary regarding relationships with entities that are contractually limited to narrow activities that facilitate the reporting entity's transfer of or access to assets. These entities are often referred to as structured finance or special purpose entities. These entities may be in the form of corporations, partnerships or limited liability companies, or trusts.

27. Material sources of liquidity and financing, including off-balance sheet arrangements and transactions with limited purpose entities should be discussed. The extent of the reporting entity's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, or market or credit risk support for the reporting entity; engage in leasing or hedging services with the reporting entity; or expose the reporting entity to liability that is not reflected on the face of the financial statements. Where contingencies inherent in the arrangements are reasonably likely to affect the continued availability of a material historical source of liquidity and finance, reporting entities must disclose those uncertainties and their effects.

28. Reporting entities should consider the need to include information about the off-balance sheet arrangements such as: their business purposes and activities; their economic substance; the key terms and conditions of any commitments; the initial and ongoing relationships with the reporting entity and its affiliates; and the reporting entity's potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

29. For example, a reporting entity may be economically or legally required or reasonably likely to fund losses of a limited purpose entity, provide it with additional funding, issue securities pursuant to a call option held by that entity, purchase the entity's capital stock or assets, or the reporting entity otherwise may be financially affected by the performance or non-performance of an entity or counterparty to a transaction or arrangement. In those circumstances, the reporting entity may need to include information about the arrangements and exposures resulting from contractual or other commitments to provide investors with a clear understanding of the reporting entity's business activities, financial arrangements, and financial statements. Other disclosures that reporting entities should consider to explain the effects and risks of off-balance sheet arrangements include:

   a. Total amount of assets and obligations of the off-balance sheet entity, with a description of the nature of its assets and obligations, and identification of the class and amount of any debt or equity securities issued by the reporting entity;

   b. The effects of the entity's termination if it has a finite life or it is reasonably likely that the reporting entity's arrangements with the entity may be discontinued in the foreseeable future;

   c. Amounts receivable or payable, and revenues, expenses and cash flows resulting from the arrangements;

   d. Extended payment terms of receivables, loans, and debt securities resulting from the arrangements, and any uncertainties as to realization, including repayment that is contingent upon the future operations or performance of any party;

   e. The amounts and key terms and conditions of purchase and sale agreements between the reporting entity and the counterparties in any such arrangements; and

   f. The amounts of any guarantees, lines of credit, standby letters of credit or commitments or take or pay contracts or other similar types of arrangements, including tolling, capacity, or leasing arrangements, that could require the reporting entity to provide funding of any obligations under the arrangements, including guarantees of repayment of obligors of parties to the arrangements, make whole agreements, or value guarantees.

30. Although disclosure regarding similar arrangements can be aggregated, important distinctions in terms and effects should not be lost in that process. The relative significance to the reporting entity's financial position and results of the arrangements with unconsolidated, non-independent, limited purpose entities should be clear from the disclosures to the extent material. While legal opinions regarding "true sale" issues or other issues relating to whether a reporting entity has contingent, residual or other liability can play an important role in transactions involving such entities, they do not obviate the need for the reporting entity to consider whether disclosure is required. In addition, disclosure of these matters should be clear and individually tailored to describe the risks to the reporting entity and should not consist merely of recitation of the transactions' legal terms or the relationships between the parties or similar boilerplate.

**Participation in High Yield Financings, Highly Leveraged Transactions or Non-Investment Grade Loans and Investments**

31. A reporting entity, consistent with its domiciliary state's law, may participate in several ways, directly or indirectly, in high yield financings, or highly leveraged transactions or make non-investment grade loans or investments relating to corporate restructurings such as leveraged buyouts, recapitalizations including significant stock buybacks and cash dividends, and acquisitions or mergers. A reporting entity may participate in the financing of such a transaction either as originator, syndicator, lender, purchaser of secured senior debt, or as an investor in other debt instruments (often unsecured or subordinated), redeemable preferred stock or other equity securities. Participation in high yield or highly leveraged transactions, as well as investment in non-investment grade securities, generally involves greater returns, in the form of higher fees and higher average yields or potential market gains. Participation in such transactions may involve greater risks, often related to credit worthiness, solvency, relative liquidity of the secondary trading market, potential market losses, and vulnerability to rising interest rates and economic downturns.

32. In view of these potentially greater returns and potentially greater risks, disclosure of the nature and extent of a reporting entity's involvement with high yield or highly leveraged transactions and non-investment grade loans and investments may be required, if such participation or involvement has had or is reasonably likely to have a material effect on financial condition or results of operations. For each such participation or involvement or grouping thereof, there shall be identification, consistent with the Annual Statement schedules or detail; description of the risks added to the reporting entity; associated fees recognized or deferred; amount, if any, of loss recognized; the reporting entity's judgment whether there has been material negative effect on the entity's financial condition; and the reporting entity's judgment whether there will be material negative effect on the entity's financial condition in subsequent reporting periods.

**Preliminary Merger/Acquisition Negotiations**

33. While the MD&A requirements could be read to impose a duty to disclose otherwise nondisclosed preliminary merger or acquisition negotiations, as known events or uncertainties reasonably likely to have material effects on future financial condition or results of operations, the NAIC does not intend to apply the MD&A in this manner. Where disclosure is not otherwise required, and has not otherwise been made, the MD&A need not contain a discussion of the impact of preliminary merger negotiations where, in the reporting entity's view, inclusion of such information would jeopardize completion of the transaction. Where disclosure is otherwise required or has otherwise been made by or on behalf of the reporting entity, the interests in avoiding premature disclosure no longer exist. In such case, the negotiations would be subject to the same disclosure standards under the MD&A as any other known trend, demand, commitment, event or uncertainty. These policy determinations also would extend to preliminary negotiations for the acquisition or disposition of assets not in the ordinary course of business.

**Conclusion**

34. In preparing the MD&A disclosure, reporting entities should be guided by the general purpose of the MD&A requirements: to give regulators an opportunity to look at the reporting entity through the eyes of management by providing a historical and prospective analysis of the reporting entity's financial condition and results of operations, with particular emphasis on the reporting entity's prospects for the future. The MD&A requirements are intentionally flexible and general. Because no two reporting entities are identical, good MD&A disclosure for one reporting entity is not necessarily good MD&A disclosure for another. The same is true for MD&A disclosure of the same reporting entity in different years. The flexibility of MD&A creates a framework for providing regulators with appropriate information concerning the reporting entity's financial condition, changes in financial condition and results of operations.

## JURAT PAGE

Enter all information completely as indicated by the format of the page.

NAIC Group Code

Current Period

Enter the NAIC Group Code for the current filing.

Prior Period

Enter the NAIC Group Code for the prior quarter.

State of Domicile or Port of Entry

Alien companies doing business in the United States through a port of entry should complete this line with the appropriate state. U.S. insurance entities should enter the state of domicile.

Country of Domicile

U.S. branches of alien insurers should enter the three-character identifier for the reporting entity's country of domicile from the Appendix of Abbreviations. Domestic insurers should enter "US" in this field.

Commenced Business

Enter the date when the reporting entity first became obligated for any insurance risk via the issuance of policies and/or entering into a reinsurance agreement.

Statutory Home Office

As identified with the Certificate of Authority in domiciled state.

Main Administrative Office

Location of the reporting entity's main administrative office.

Mail Address

Reporting entity's mailing address, if other than the main administrative office address. May be a P.O. Box and the associated ZIP code.

Primary Location of Books and Records

Location where examiners may review records during an examination.

Internet Website Address

Include the Internet Website address of the reporting entity. If none, and information relating to the reporting entity is contained in a related entity's Website, include that Website.

Statutory Statement Contact

Name & Email

Name and email address of the person responsible for preparing and filing all statutory filings with the reporting entity's regulators and the NAIC. The person should be able to respond to questions and concerns for annual and quarterly statements.

Telephone Number & Fax Number

Telephone and fax number should include area code and extension.

Officers, Directors, Trustees

The state of domicile regulatory authority may dictate the required officers, directors, trustees and any other positions to be listed on the Jurat Page. Show full name (initials not acceptable) and title (indicate by number sign (#) those officers and directors who did not occupy the indicated position in the prior annual statement). Additional lines may be required to identify officers, directors, trustees and any other positions in primary policy-making or managerial roles. Examples of titles are 1) President, Chief Executive Officer or Chief Operating Officer; 2) Secretary, or Corporate Secretary; 3) Treasurer or Chief Financial Officer; and, 4) Actuary. When identifying officers, if the Treasurer does not have charge of the accounts of the reporting entity, enter the name of the individual who does and indicate the appropriate title.

Statement of Deposition

Those states that have adopted the NAIC blank require that the blank be completed in accordance with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* except to the extent that state law may differ. If the reporting entity deviates from any of these rules, disclose deviations in Note 1 of the Notes to Financial Statements, to the extent that there is an impact to the financial information contained in the annual statement.

Signatures

Complete the Jurat signature requirements in accordance with the requirements of the domiciliary state. Direct any questions concerning signature requirements to that state. At least one statement filed with the domiciliary state must have original signatures and must be manually signed by the appropriate corporate officers, have the corporate seal affixed thereon where appropriate, and be properly notarized. For statements filed in non-domestic states, facsimile signatures or reproductions of original signatures may be used except where otherwise mandated. If the appropriate corporate officers are incapacitated or otherwise not available due to a personal emergency, the reporting entity should contact the domiciliary state for direction as to who may sign the statement.

NOTE: If the United States Manager of a U.S. Branch or the Attorney-in-Fact of a Reciprocal Exchange or Lloyds Underwriters is a corporation, the affidavit should be signed by two (or three) principal officers of the corporation; or, if a partnership, by two (or three) of the principal members of the partnership.

For domiciliary jurisdictions that require the reporting entity to submit signatures on the Jurat page as part of the PDF filed with the NAIC see the instructions for submitting a signed Jurat in the General Electronic Filing Directive. The link to that directive can be found at the following Web address:

*www.naic.org/cmte_e_app_blanks.htm*

If this is an amendment, change or modification of previously filed information, state the amendment number (each amendment made by a reporting entity should be sequentially numbered), the date this amendment is being filed, and the number of annual statement pages being changed by this amendment.

**To be filed in electronic format only:**

Policyowner Relations Contact

Name

List person able to respond to calls regarding policies, premium payments, etc. on individual policies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the policyowner relations contact person as described above.

Government Relations Contact

Name

The government relations contact represents the person the reporting entity designates to receive information from state insurance departments regarding new bulletins, company and producer licensing information, changes in departmental procedures and other general communication regarding non-financial information.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the government relations contact person as described above.

Market Conduct Contact

Name

The market conduct contact represents the person the reporting entity designates to receive information from state insurance departments regarding market conduct activities. Such information would include (but not be limited to) data call letters, filing instructions, report cards and inquiries/questions about the reporting entity's market conduct.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the market conduct contact person as described above.

Cybersecurity Contact

Name

The cybersecurity contact represents the person the reporting entity designates to receive information from regulatory agencies on active, developing and potential cybersecurity threats.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the cybersecurity contact person as described above.

Life Insurance Policy Locator Contact (Not applicable to Property and Title companies)

Name

List person able to respond to calls regarding locating policies on lost or forgotten life insurance policies.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the policy locator contact person as described above.

Life Experience Data Contact (Life/Fraternal companies only)

Name

List the name of the person able to facilitate communication regarding submission of company experience data to the NAIC (e.g., mortality experience data) as required by the Standard Valuation Law (SVL) and its supporting Valuation Manual (VM) included in each state's laws.

Address

May be a P.O. Box and the associated ZIP code.

Telephone Number

Telephone number should include area code and extension.

Email Address

Email address of the life experience data contact person as described above.

## ASSETS

The value for real estate, bonds, stocks, and the amount loaned on mortgages must, in all cases, prove with corresponding values and admitted assets supported by the corresponding schedules.

Refer to the *Accounting Practices and Procedures Manual* for accounting guidance on these topics.

Companies should refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* to determine the filing requirements and the procedures for valuation of bonds and stocks owned or held as collateral for loans.

The Notes to Financial Statements are an integral part of this statement. Certain Notes are required regarding the valuation of invested assets. See instructions herein for Notes to Financial Statements.

Assets owned at the end of the current period that were not under the exclusive control of the reporting entity, including assets loaned to others as shown in the General Interrogatories, are to be individually identified in the investment schedules by placing the codes found in the Investment Schedules General Instructions in the Code Column of the appropriate investment schedule.

For statements with Separate Accounts, Segregated Accounts or Protected Cell Accounts: Exclude receivables from the Separate Accounts Statement, Segregated Accounts or Protected Cell Accounts from the assets of the General Account Statement. This eliminates the need for consolidating adjustments. Report such receivables as a negative liability and net the receivables against payables to the appropriate account as required elsewhere in these instructions.

The development of admitted assets is illustrated in two columns.

Column 1 – Assets

Record the amount by category, from the reporting entity's financial records, less any valuation allowance.

Column 2 – Nonadmitted Assets

Include: Amounts for which the state does not allow the reporting entity to take credit.

Refer to the Annual Statement Instructions, Exhibit of Nonadmitted Assets.

Column 3 – Net Admitted Assets

The amount in Column 3 equals Column 1 minus Column 2. The amounts reported in Column 3 should agree to the appropriate schedules.

Column 4 – Prior Year Net Admitted Assets

Amounts contained in Column 3 of the prior year Annual Statement.

Inside amount – Report net admitted assets amounts.

Line 1 – Bonds

Report all bonds with maturity dates greater than one year from the acquisition date. Bonds are valued and reported in accordance with guidance set forth in *SSAP No. 26R—Bonds* and *SSAP No. 43R—Loan-Backed and Structured Securities*.

Record bond acquisitions or disposals on the trade date, not the settlement date. Record private placements on the funding date.

Exclude: Interest due and accrued.

Line 2 – Stocks

The amount reported in Column 3 for common stocks and preferred stocks is the value in accordance with guidance set forth in *SSAP No. 30R—Unaffiliated Common Stock*; *SSAP No. 32—Preferred Stock*; and *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*.

Line 3 – Mortgage Loans on Real Estate

Include: Foreclosed liens subject to redemption.

Exclude: Interest due and accrued.

The amount reported in Column 3 is the Book Value/Recorded Investment reduced by any valuation allowance and nonadmitted amounts. Mortgage loans are valued and reported in accordance with the guidance set forth in *SSAP No. 37—Mortgage Loans*.

Line 4 – Real Estate

Refer to *SSAP No. 40R—Real Estate Investments*, *SSAP No. 44—Capitalization of Interest* and *SSAP No. 90—Impairment or Disposal of Real Estate Investments* for accounting guidance.

The amount reported in Column 3 for properties occupied by the reporting entity (home office real estate), properties held for production of income and properties held for sale must not exceed actual cost, plus capitalized improvements, less normal depreciation. This formula shall apply whether the reporting entity holds the property directly or indirectly.

Report amounts net of encumbrances. The sum of all encumbrances reported in the inset lines should agree with the total of Schedule A, Part 1, Column 8.

Exclude: Income due and accrued.

Line 5 – Cash, Cash Equivalents and Short-Term Investments

Include: All cash, including petty cash, other undeposited funds, certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date and other instruments defined as cash and cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*.

Include in Column 2, the excess of deposits in suspended depositories over the estimated amount recoverable.

The amount in Column 1 should agree with the sum of Schedule E, Part 1, Column 6, Schedule E, Part 2, Column 7 and Schedule DA, Part 1, Column 7. The amount in Column 1 should agree with Cash Flow, line 19.2. The prior year's Column 1 amount should agree with Cash Flow, line 19.1.

Line 6 – Contract Loans

Report loans at their unpaid balance in accordance with *SSAP No. 49—Policy Loans* (applicable to Life and Accident and Health) and reduced by the proportionate share of loans under any coinsurance arrangements.

Include: In Column 1, contract loans assumed under coinsurance arrangements.

In Column 2, premium notes, contract loans, and other policy assets in excess of net value and of other policy liabilities on individual policies.

Exclude: Interest due and accrued, less than 90 days past due. Refer to *SSAP No. 49—Policy Loans* for accounting guidance.

Premium extension agreements.

Line 7 – Derivatives

Derivative asset amounts shown as debit balances. Should equal Schedule DB, Part D, Section 1, Column 5, Footnote Question 2. The gross amounts from Schedule DB shall be adjusted to reflect netting from the valid right to offset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Line 8 – Other Invested Assets (Schedule BA Assets)

Report admitted investments reported on Schedule BA and not included under another classification.

Include: Loans.

Certain affiliated securities, such as joint ventures, partnerships and limited liability companies (*SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*).

Low Income Housing Tax Credit Property Investments (*SSAP No. 93—Low Income Housing Tax Credit Property Investments*).

Line 9 – Receivables for Securities

Refer to *SSAP No. 21R—Other Admitted Asset* for accounting guidance.

Include: Amounts received within 15 days of the settlement date that are due from brokers when a security has been sold but the proceeds have not yet been received.

Exclude: Receivables for securities not received within 15 days of the settlement date. These receivables are classified as other-than-invested-assets and nonadmitted per *SSAP No. 21R—Other Admitted Assets*.

Line 10 – Securities Lending Reinvested Collateral Assets

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent or the reporting entity's affiliated agent if the reporting entity chooses not to report in the investment schedules.

Line 11 – Aggregate Write-ins for Invested Assets

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 11 for Invested Assets.

Line 13 – Title Plants (Applies to Title Insurers Only)

Refer to *SSAP No. 57—Title Insurance* for accounting guidance.

Column 1 should equal Schedule H – Verification Between Years, Line 8.

Line 14 – Investment Income Due and Accrued

Refer to *SSAP No 34—Investment Income Due and Accrued*, for accounting guidance.

Include: Income earned on investments but not yet received.

Line 15 – Premiums and Considerations

Include: Amounts for premium transactions conducted directly with the insured.

Amounts due from agents resulting from various insurance transactions.

Premiums receivable for government insured plans, including fixed one-time premium payments (such as for Medicaid low birth weight neonates and Medicaid maternity delivery).

Refer to *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*, *SSAP No. 57—Title Insurance* and *SSAP No. 53—Property Casualty Contracts – Premiums*. Refer to *SSAP No. 62R—Property and Casualty Reinsurance*, and *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* for accounting guidance pertaining to reinsurance transactions.

Line 15.1 – Uncollected Premiums and Agents' Balances in Course of Collection

Include: Direct and group billed uncollected premiums.

Amounts collected but not yet remitted to home office.

Accident and health premiums due and unpaid.

Life insurance premiums and annuity considerations uncollected on in force business (less premiums on reinsurance ceded and less loading).

Title insurance premiums and fees receivable.

Do not deduct: **For Property/Casualty and Title companies:**

Ceded reinsurance balances payable.

Exclude: Receivables relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Line 15.2 – Deferred Premiums, Agents' Balances and Installments Booked but Deferred and Not Yet Due

Include: Receivable amounts not yet due.

Life insurance premiums and annuity considerations deferred on in force business (less premiums on reinsurance ceded and less loading).

**For Property/Casualty companies:**

Earned but unbilled premiums.

Deduct: **For Property/Casualty companies:**

Reinsurance assumed premiums received after the effective date of the contract but prior to the contractual due date. Refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

Exclude: Ceded reinsurance balances payable.

Line 15.3 – Accrued Retrospective Premiums ($_____) and contracts subject to redetermination ($______)

Include: Accrued retrospective premiums on insurance contracts.

Receivables for all contracts subject to redetermination, including risk adjustment for Medicare Advantage and Medicare Part D and Affordable Care Act risk adjustment. See *SSAP No. 54R—Individual and Group Accident and Health Contracts*.

Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance and nonadmission criteria.

Direct Accrued Retrospective Premiums:

**For Property/Casualty companies:**

If retrospective premiums are estimated by reviewing each retrospectively rated risk, report on Line 15.3 the gross additional retrospective premiums included in the total reserve for unearned premiums.

If retrospective premiums are estimated through the use of actuarially accepted methods applied to aggregations of multiple retrospectively rated risks in accordance with filed and approved retrospective rating plans and the result of such estimation is net additional retrospective premiums, report on Line 15.3 the net additional retrospective premiums included in the total reserve for unearned premiums.

Line 16.1 – Amounts Recoverable from Reinsurers

**Property/Casualty and Title companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

Include: Amounts recoverable on paid losses/claims and loss/claim adjustment expenses.

Reinsurance recoverables on unpaid losses are treated as a deduction from the reserve liability.

Line 16.2 – Funds Held by or Deposited with Reinsured Companies

**Property/Casualty and Title companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

Include: Reinsurance premiums withheld by the ceding entity as specified in the reinsurance contract (for example, funds withheld equal to the unearned premiums and loss reserves), or advances from the reinsurer to the ceding entity for the payment of losses before an accounting is made by the ceding entity.

Line 16.3 – Other Amounts Receivable Under Reinsurance Contracts

For **Life companies,** include commissions and expense allowances due and experience rating and other refunds due. Include the amounts for FEGLI/SEGLI pools and any other amounts not reported in Lines 16.1 or 16.2.

**Property/Casualty companies** should refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

Line 17 – Amounts Receivable Relating to Uninsured Plans

The term "uninsured plans" includes the uninsured portion of partially insured plans.

Include: Amounts receivable from uninsured plans for (a) claims and other costs paid by the administrator on behalf of the third party at risk and (b) fees related to services provided by the administrator to the plan.

Pharmaceutical rebates relating to uninsured plans that represent an administrative fee and that are retained by the reporting entity and are earned in excess of the amounts to be remitted to the uninsured plan.

Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.

Exclude: Pharmaceutical rebates of insured plans. These amounts should be reported on Line 24.

Refer to *SSAP No. 47—Uninsured Plans* for accounting guidance.

Line 18.1 – Current Federal and Foreign Income Tax Recoverable and Interest Thereon

**This line is not applicable to Fraternal Benefit Societies.**

Exclude: Deferred tax assets.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Reporting entities may recognize intercompany transactions arising from income tax allocations among companies participating in a consolidated tax return, provided the following conditions are met:

1. There is a written agreement describing the method of allocation and the manner in which intercompany balances will be settled; and

2. Such an agreement requires that any intercompany balance will be settled within a reasonable time following the filing of the consolidated tax return; and

3. Such agreement complies with regulations promulgated by the Internal Revenue Service; and

4. Any receivables arising out of such allocation meet the criteria for admitted assets as prescribed by the domiciliary state of the reporting entity; and

5. Other companies participating in the consolidated return have established liabilities that offset the related intercompany receivables.

Line 18.2 – Net Deferred Tax Asset

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Line 19 – Guaranty Funds Receivable or on Deposit

**This line is not applicable to Fraternal Benefit Societies.**

Include: Any amount paid in advance or amounts receivable from state guaranty funds to offset against premium taxes in future periods.

Line 20 – Electronic Data Processing Equipment and Software

Include: Electronic data processing equipment, operating and non-operating systems software (net of accumulated depreciation).

Refer to *SSAP No. 16R—Electronic Data Processing Equipment and Software* for accounting guidance. Non-operating systems software must be nonadmitted. Admitted asset is limited to three percent of capital and surplus for the most recently filed statement adjusted to exclude any EDP equipment and operating system software, net deferred tax assets and net positive goodwill.

Line 21 – Furniture and Equipment, Including Health Care Delivery Assets

Include: Health care delivery assets reported in the Furniture and Equipment Exhibit.

All leasehold improvements.

Refer to *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*, *SSAP No. 44—Capitalization of Interest* and *SSAP No. 73—Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities* for accounting guidance.

Line 22 – Net Adjustment in Assets and Liabilities Due to Foreign Exchange Rates

Include: The appropriate exchange differential applied to the excess, if any, of foreign currency Canadian Insurance Operations assets over foreign currency Canadian Insurance Operations liabilities. This method can be used if the Canadian Insurance Operations result in less than 10% of the reporting entity's assets, liabilities and premium. The difference, if an asset, is recorded on Page 2, Line 22, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates; or, if a liability, on Page 3, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 23 – Receivables from Parent, Subsidiaries and Affiliates

Include: Unsecured current accounts receivable from parent, subsidiaries and affiliates.

Exclude: Amounts owed due to intercompany tax sharing agreements.

Amounts related to intercompany reinsurance transactions. Report reinsurance between affiliated companies through the appropriate reinsurance accounts.

Loans to affiliates and other related parties that are reported in the appropriate category of Schedule BA.

Affiliated securities which are reported in the appropriate investment schedules (Schedule D or DA).

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

Line 24 – Health Care and Other Amounts Receivable

Include: Bills Receivable – Report any unsecured amounts due from outside sources or receivables secured by assets that do not qualify as investments.

Amounts due resulting from advances to agents or brokers – Refer to *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers* for accounting guidance.

Health Care Receivables – Include pharmaceutical rebate receivables, claim overpayment receivables, loans and advances to providers, capitation arrangement receivables and risk sharing receivables from affiliated and non-affiliated entities. Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.

Other amounts receivable that originate from the government under government insured plans, including **undisputed** amounts over 90 days due that qualify as accident and health contracts are admitted assets. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* and *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for accounting guidance.

Exclude: Pharmaceutical rebates relating to uninsured plans that represent an administrative fee and that are retained by the reporting entity and earned in excess of the amounts to be remitted to the uninsured plan. These amounts should be reported on Line 17.

Premiums receivable for government insured plans reported on Lines 15.1, 15.2 or 15.3.

Line 25 – Aggregate Write-ins for Other-Than-Invested-Assets

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 25 for Other-Than-Invested-Assets.

Details of Write-ins Aggregated at Line 11 for Invested Assets

List separately each category of invested assets for which there is no pre-printed line on Page 2 (and that are not on Schedule BA).

Include: Receivables resulting from the sale of invested assets other than securities.

Exclude: Collateral held on securities lending. In accordance with *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, this collateral should be reported on the appropriate invested asset line or the securities lending line depending on the guidance in SSAP No. 103R.

Details of Write-ins Aggregated at Line 25 for Other-Than-Invested-Assets

List separately each category of assets (other-than-invested-assets) for which there is no pre-printed line on Page 2.

Include: Equities and deposits in pools and associations.

COLI – Report the cash value of corporate owned life insurance including amounts under split dollar plans.

Consideration paid for retroactive reinsurance contract(s). Refer to *SSAP No. 62R—Property and Casualty Reinsurance*.

Other Receivables – Report any other reimbursement due the reporting entity.

Prepaid pension cost and the intangible asset resulting from recording an additional liability with a description of "prepaid pension cost" and "intangible pension asset," respectively. See *SSAP No. 102—Pensions*, for guidance.

Receivables for securities not received within 15 days of the settlement date are classified as other-than-invested-assets and nonadmitted per *SSAP No. 21R—Other Admitted Assets*.

**For Property/Casualty Companies:**

Amounts accrued for reimbursement of high deductible claims paid by the reporting entity. Refer to *SSAP No. 65—Property and Casualty Contracts* for accounting guidance.

Annuities at their present value purchased to fund future fixed loss payments. Refer to *SSAP No. 65—Property and Casualty Contracts*.

Reinsurance premiums paid by a ceding entity prior to the effective date of the contract. Refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

**For Life and Health Companies:**

Reinsurance premiums paid by a ceding entity prior to the due date. Refer to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

**For Life, Accident & Health and Fraternal Companies:**

Any negative IMR that is nonadmitted.

Deferred assets for hedging relationships qualifying for and applying the special accounting treatment described in SSAP No. 108. See *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* for guidance.

## LIABILITIES, SURPLUS AND OTHER FUNDS

Line 1 – Known Claims Reserve

Include: Loss and allocated loss adjustment expenses accrued.

Exclude: Unallocated loss adjustment expenses accrued.

Refer to Schedule P instructions for definitions.

Refer to *SSAP No. 9—Subsequent Events* for accounting guidance related to events that take place subsequent to the balance sheet date for claims reported as of December 31 of the current year.

Line 2 – Statutory Premium Reserve

Should agree to the amount shown in the Operations and Investment Exhibit, Part 1B, Line 2.6.

Refer to Operations and Investment Exhibit, Part 1B instructions for definition.

Line 3 – Aggregate of Other Reserves Required by Law

Include on this line reserves required by statute other than the Statutory Premium Reserve.

Line 6 – Other Expenses (Excluding Taxes, Licenses and Fees)

Include: Incurred but unpaid other operations and investment expenses, excluding taxes, licenses and fees.

The unfunded postretirement obligation shall be included in Other Expenses in accordance with the reporting entity's allocation of such expense.

Line 7 – Taxes, Licenses and Fees (Excluding Federal and Foreign Income Taxes)

Include: Incurred but unpaid investment and underwriting taxes, licenses and fees.

Guaranty fund assessments that are accrued in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*.

Exclude: Federal and foreign income taxes and any amounts withheld or retained by the company acting as agent for others.

Line 8.1 – Current Federal and Foreign Income Taxes (including $_________ on realized capital gains (losses))

Include: Federal and foreign income taxes due or accrued.

Exclude: Income taxes recoverable.

Deferred tax liabilities.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Line 8.2 – Net Deferred Tax Liability

Refer to *SSAP No. 101—Income Taxes* for accounting guidance.

Line 9 – Borrowed Money $________and interest theron $_________

Report the unpaid balance outstanding at year-end on any borrowed money plus accrued interest and any unamortized premium or discount (commercial paper, bank loans, notes, etc.).

Include: Interest payable on all debt reported as a liability, approved interest on surplus notes and interest payable on debt reported as a reduction in the carrying value of real estate. Refer to *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance.

Debt obligations of an employee stock ownership plan by the reporting entity and dividends on unallocated employee stock ownership plan shares. Refer to *SSAP No. 12—Employee Stock Ownership Plans* for accounting guidance.

Exclude: Debt on real estate in accordance with *SSAP No. 40R—Real Estate Investments* (i.e., reported as a reduction in the carrying value of real estate).

Debt offset against another asset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Debt for which treatment is specified elsewhere. Instruments that meet the requirements to be recorded as surplus as specified in *SSAP No. 72—Surplus and Quasi-Reorganizations* are not considered debt.

Debt issuance costs (e.g., loan fees and legal fees).

The value attributable to detachable stock purchase warrants. Report this value as paid-in capital.

Line 10 – Dividends Declared and Unpaid

Include: The amount of dividends on outstanding shares of capital stock.

Exclude: Stock dividends of the company's own shares that are declared by the board of directors but are unpaid at the balance sheet date.

Line 13 – Funds held by Company Under Reinsurance Treaties

Include: Reinsurance premiums withheld by the company as specified in the reinsurance contract (for example, funds withheld equal to the unearned premiums and loss reserves) or advances to the company by the payment of losses before an accounting is made by the company.

Should agree with Schedule F, Part 2, Column 13, Total.

Line 14 – Amounts Withheld or Retained by Company for Account of Others

Include: Employees' FICA and unemployment contributions, withholdings for purchase of savings bonds, taxes withheld at source and other withholdings as well as amounts held in escrow for payment of taxes, insurance, etc., under F.H.A. or other mortgage loan investments; or held for guarantee of contract performance and any other funds that the reporting entity holds in a fiduciary capacity for the account of others (excluding reinsurance funds held and Segregated Funds Held for Others as reported on Schedule E, Parts 1A and 1B).

If, however, a reporting entity has separate bank accounts for exclusive use in connection with employee bond purchases or escrow F.H.A. payments or other amounts withheld or retained in a similar manner, or other assets deposited to guarantee performance, the related assets should be shown separately on the asset page, and extended at zero value, unless such assets are income-producing for the reporting entity, in which case they should be shown both as assets and as liabilities in the statement.

Exclude: Segregated Funds Held for Others as reported on Schedule E, Parts 1A and 1B).

Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Line 15 – Provision for Unauthorized and Certified Reinsurance

Should agree with Schedule F, Part 3 (Column 18, Total x 1000) plus Schedule F, Part 4 (Column 19, Total x 1000). (Note: Schedule F omits 000.)

Line 16 – Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates

Include: The appropriate exchange differential applied to the excess, if any, of foreign currency Canadian Insurance Operations assets over foreign currency Canadian Insurance Operations liabilities. This method can be used if the Canadian Insurance Operations result in less than 10% of the reporting entity's assets, liabilities and premium.The difference, if an asset, is recorded on Page 2, Line 22, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates; or, if a liability, on Page 3, Line 16, Net Adjustment in Assets and Liabilities Due To Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 18 – Payable to Parent, Subsidiaries and Affiliates

A liability is recognized and identified as due to affiliates for expenditures incurred on behalf of the reporting entity by a parent, affiliates or subsidiaries; or for amounts owed through other intercompany transactions. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Include: Unreimbursed expenditures on behalf of the reporting entity by a parent, affiliates or subsidiaries; or amounts owing through other intercompany transactions.

Exclude: Amounts owed due to intercompany tax-sharing agreements.

Amounts related to intercompany reinsurance transactions. Report reinsurance between affiliated companies through the appropriate reinsurance accounts.

Loans from affiliates that are reported as borrowed money. See *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance.

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

Line 19 – Derivatives

Derivative liability amounts shown as credit balances. Should equal Schedule DB, Part D, Section 1, Column 6, Footnote Question 2 times -1. The gross amounts from Schedule DB shall be adjusted to reflect netting from the valid right to offset in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Line 20 – Payable for Securities

Include: Amounts that are due to brokers when a security has been purchased but have not yet been paid.

Line 21 – Payable for Securities Lending

Include: Liability for securities lending collateral received by the reporting entity that can be reinvested or repledged.

Line 22 – Aggregate Write-ins for Other Liabilities

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 22 for Other Liabilities.

Line 24 – Aggregate Write-ins for Special Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 24 for Special Surplus Funds.

Line 25 – Common Capital Stock

Should equal the par value per share multiplied by the number of issued shares or in the case of no-par shares, the total stated value.

Authorized capital stock is the number of shares that the state has authorized a corporation to issue.

Outstanding capital stock is the number of authorized shares that have been issued and are presently held by stockholders; excludes treasury stock, as defined in the instructions for Line 31.

Issued capital stock is the cumulative total number of authorized shares that have been issued to date. The number of issued shares includes treasury stock.

Line 26 – Preferred Capital Stock

Should equal the par value per share multiplied by the number of issued shares, or in the case of no-par shares, the total stated or liquidation value.

Authorized, outstanding, and issued shares have the same meaning as in Line 25.

Line 27 – Aggregate Write-ins for Other-Than-Special Surplus Funds

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 27 for Other-Than-Special Surplus Funds.

Line 28 – Surplus Notes

Include: That portion of any subordinated indebtedness, surplus debenture, contribution certificate, surplus note, debenture note, premium income note, bond or other contingent evidence of indebtedness, not included in Line 24 that is a financing vehicle for increasing surplus. Furnish pertinent information concerning conditions of repayment, redemption price, interest features, etc., in the Notes to Financial Statements. Report discount or premium, if any, in the balance sheet as a direct deduction from or addition to the face amount of the note.

Exclude: Cost of issuing surplus notes, (e.g., loan fees and legal fees). Charge these amounts to operations when incurred.

Refer to *SSAP No. 41R—Surplus Notes* for accounting guidance.

Line 29 – Gross Paid in and Contributed Surplus

Include: Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 30 – Unassigned Funds (Surplus)

Unassigned funds (surplus) are the undistributed and unappropriated amount of surplus.

Include: Reductions for unearned employee stock option plan shares.

Amounts for quasi-reorganizations. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Line 31 – Treasury Stock, at Cost

Treasury stock is the corporation's own shares that have been issued, fully paid, and reacquired by the issuing corporation but not canceled. Treasury stock is included in issued capital stock but is not part of the outstanding capital stock.

Include: The number of shares and the value in the appropriate spaces provided in Lines 25 and 26 for the current year. Cost method of accounting should determine the cost basis of treasury stock acquired.

Cost of reacquired suspense shares of an employee stock option plan.

Line 32 – Surplus as regards policyholders

Column 1 should agree to Page 4, Operations and Investment Exhibit, Statement of Income, Line 32, Column 1.

Column 2 should agree to Page 4, Operations and Investment Exhibit, Statement of Income, Line 32, Column 2.

Details of Write-ins Aggregated at Line 22 for Other Liabilities

List separately each category of liabilities for which there is no pre-printed line on Page 3.

This schedule is for other liability items not specifically provided for.

Include: Uncashed drafts and checks that are pending escheatment to a state.

Interest paid in advance on mortgage loans, rents paid in advance, retroactive reinsurance.

Premium deficiency reserves, if applicable, in accordance with *SSAP No. 53—Property Casualty Contracts – Premiums*.

Servicing liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

Unearned compensation for employee stock option plan stock options issued and stock purchase and award plans. Refer to *SSAP No. 12—Employee Stock Ownership Plans* and *SSAP No. 104R—Share-Based Payments* for accounting guidance.

Amount recorded as required by the additional minimum liability calculation with a description of "additional pension liability." See *SSAP No. 102—Pensions* for guidance.

Exclude: All voluntary and general contingency reserves and other special surplus funds not in the nature of liabilities.

Details of Write-ins Aggregated at Line 24 for Special Surplus Funds

Enter only voluntary and general contingency reserves and other special surplus funds not in the nature of liabilities.

Include: Surplus resulting from retroactive reinsurance.

Details of Write-ins Aggregated at Line 27 for Other-Than-Special Surplus Funds

Enter separately by category the amount of guaranty fund notes, contribution certificates, statutory deposits of alien insurers, or similar funds other than capital stock, with appropriate description. The aggregate amount of all surplus notes required or those that are a prerequisite for purchasing an insurance policy and are held by the policyholder should be listed as a separate item.

## OPERATIONS AND INVESTMENT EXHIBIT

This statement and the Capital and Surplus Account should be completed on the accrual, i.e., earned and incurred basis. Certain items may be either positive or negative, and should be entered accordingly. The various investment items of interest, rent, profit and loss, depreciation, appreciation, etc., appearing in the Parts supporting this Statement of Income must check with the data relating to the same transactions as set forth in the appropriate schedules. Profit and loss items must be itemized. The lists of items to be included in the various lines and supporting Parts are not intended to exclude analogous items that are omitted from the lists.

The results of an insurance company's discontinued operations and extraordinary items shall be reported consistently with the company's reporting of continuing operations (i.e., no separate line item presentation in the balance sheet or statement of operations aggregating current and future losses from the measurement date).

### STATEMENT OF INCOME

Line 1.1 – Title Insurance Premiums Earned

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 1B, Line 3, Column 1.

Line 1.2 – Escrow and Settlement Services

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 1A, Line 2, Column 4.

Line 1.3 – Other Title Fees and Service Charges

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 1A, Total of Line 3, 4, 5 and 6, Column 4.

Line 2 – Other Operating Income

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 4, Line 2, Column 5.

Line 3 – Total Operating Income

The amount shown on this line should be the total of the amounts shown on Lines 1.1, 1.2, 1.3 and 2.

Line 4 – Losses and Loss Adjustment Expenses Incurred

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 2A, Line 10, Column 4.

Line 5 – Operating Expenses Incurred

The amount shown on this line should agree with the amount shown on the Operations and Investment Exhibit, Part 3, Line 24, Column 4.

Line 6 – Other Operating Expenses

Enter the total of the operating expenses incurred related to Line 2 Other Operating Income.

This amount should agree with Operations and Investment Exhibit, Part 3, Line 24, Column 6.

Line 7 – Total Operating Expenses

The amount shown on this line should agree with the total of Lines 4, 5 and 6.

Line 8 – Net Operating Gain or (Loss)

The amount shown on this line should be the amount shown on Line 3, less the amount shown on Line 7.

Line 9 – Net Investment Income Earned

The amount shown on this line should agree with the amount shown on the Exhibit of Net Investment Income, Line 17, Column 2.

Include: Investment income earned from all forms of investment.

Dividends from SCA entities, joint ventures, partnerships, and limited liability companies: minus investment expenses, taxes (excluding federal income taxes), licenses, fees, depreciation on real estate and other invested assets.

Interest on borrowed money.

Exclude: Capital gains and losses on investments.

Equity in distributed income or loss of SCA entities, joint ventures, partnerships, and limited liability companies as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*.

Line 10 – Net Realized Capital Gain or (Losses) Less Capital Gains Tax of $ _____

Include: Realized investment related foreign exchange gains/(losses).

Exclude: Unrealized capital gains/(losses).

Line 11 – Net Investment Gain (Loss)

The amount shown on this line should agree with the total of Lines 9 and 10.

Line 12 – Aggregate Write-ins for Miscellaneous Income or (Loss) or Other Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 12 for Miscellaneous Income or (Loss) or Other Deductions.

Line 13 – Net Income After Capital Gains Tax and Before All Other Federal Income Taxes

The amount shown on this line should agree with the total of the amounts shown on Lines 8, 11, and 12.

Line 14 – Federal and Foreign Income Taxes Incurred

Include: Current year provisions for federal and foreign income taxes; and federal and foreign income taxes incurred or refunded during the year relating to prior period adjustments. In some instances such prior period adjustments, if material, may be charged or credited directly to unassigned surplus in the "Capital and Surplus Account."

Line 15 – Net Income

The amount shown on this line should agree with the amount shown on Line 13, less the amount shown on Line 14.

## CAPITAL AND SURPLUS ACCOUNT

Line 16 – Surplus as Regards Policyholders, December 31, Prior Year

The amount shown on this line should agree with the amount shown on Page 3, Line 32, Column 2.

Line 17 – Net Income

The amount shown on this line should agree with the amount shown on Line 15.

Line 18 – Change in Net Unrealized Capital Gains (Losses) less Capital Gains Tax of $_____

Include: Equity in undistributed income or loss of SCA Entities, Joint Ventures, Partnerships, and Limited Liability Companies as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*.

Exclude: Realized capital gains (losses).

Line 19 – Change in Net Unrealized Foreign Exchange Capital Gain (Loss)

Include: Unrealized investment related foreign exchange gains (losses).

Foreign operations exchange translation adjustment gains (losses).

Exclude: Realized investment foreign exchange gains (losses).

Foreign currency transaction adjustments.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Line 20 – Change in Net Deferred Income Tax

Record the change in net deferred income tax. Refer to *SSAP No. 101—Income Taxes* for accounting guidance. The amount shown on this line should represent the gross change in net deferred tax, with any change in the nonadmitted deferred tax asset reported on Line 21.

Line 21 – Change in Nonadmitted Assets

The amount shown on this line should agree the amounts shown on Exhibit of Nonadmitted Assets, Line 28, Column 3.

Line 22 – Change in Provision for Unauthorized and Certified Reinsurance

The amount shown on this line should agree with the amounts shown on Page 3, Line 15, Column 2 minus Column 1.

Line 23 – Change in Supplemental Reserves

The amount shown on this line should agree with the amounts shown on Page 3, Line 4, Column 2 minus Column 1.

Line 24 – Change in Surplus Notes

Changes in the balances of surplus notes meeting the requirements of *SSAP No. 41R—Surplus Notes* shall be accounted for on this line.

The amount shown on this line should agree with the amounts shown on Page 3, Line 28, Column 1 minus Column 2.

Line 25 – Cumulative Effect of Changes in Accounting Principles

Exclude: Corrections of errors in previously issued financial statements. Corrections of errors should be reported on the Aggregate write-ins for gains and losses on surplus line.

Changes in accounting estimates. A change in an accounting estimate should be included in the Statement of Income.

Line 26.1 – Capital Changes Paid In

Include: Par or stated value of shares issued or retired by company during the period.

Only when issued stock increases(decreases) should this line increase (decrease). The amount included in this line will be the par value.

Refer to *SSAP No. 15—Debt and Holding Company Obligations* and *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 26.2 – Capital Changes Transferred from Surplus (Stock Dividend)

Include: The increase in capital resulting from a stock dividend (corresponding to the decrease in surplus shown on Line 27.2).

Line 26.3 – Transferred to Surplus

The amount on this line should be offset by the corresponding entry on Line 27.3.

NOTE: The sum of lines 26.1 through 26.3 should equal the change between years from Liabilities page, lines 25 and 26, current year minus prior year.

Line 27.1 – Surplus Adjustments Paid In

Include: The difference between the par or stated value and the price of shares issued or retired by the company during the period

Also amounts contributed during the period.

This should equal the change between years from Liabilities page, Line 29, column 1 minus column 2. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 27.2 – Surplus Adjustments Transferred to Capital (Stock Dividend)

Include: The decrease in surplus resulting from a stock dividend (corresponding to increase in capital shown on Line 26.2)

Line 27.3 – Transferred from capital

The amount on this line should be offset by the corresponding entry on Line 26.3.

Line 28 – Dividends to Stockholders

Include: Dividends paid or accrued (if declared but unpaid at reporting date) in cash and dividends on allocated employee stock option plan shares.

Exclude: Dividends on unallocated employee stock option plan shares.

Line 29 – Change in Treasury Stock

Include: Change between years in ownership of treasury stock at cost.

Line 30 – Aggregate Write-ins for Gains and Losses in Surplus

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 30 for Gains and Losses in Surplus.

Line 31 – Change in Surplus as Regards Policyholders for the Year

The amount shown on this line should agree with the total of the amounts shown on Lines 17 through 30.

Line 32 – Surplus as Regards Policyholders, December 31, Current Year

The amount shown on this line should agree with the amount shown on Line 16, plus the amount shown on Line 31.

Details of Write-ins Aggregated at Line 12 for Miscellaneous Income or (Loss)

List separately each category of Miscellaneous Income or (Loss) for which there is no pre-printed line on Page 4.

Include: Miscellaneous items, such as:

Income on annuities purchased to fund future payments. The income from annuities is the amount received on annuities purchased to fund future payments less the change in the value (i.e., present value) of these annuities.

Premiums for life insurance on employees (less $__________ increase in cash values). NOTE: Use this item only where the company is beneficiary.

Receipts from Schedule BA assets, other than interest, dividends and real estate income, and other than capital gains on investments.

Other sundry receipts and adjustments not reported elsewhere.

Fines and penalties of regulatory authorities should be shown as a separate item.

Gain or loss from initial retroactive reinsurance and any subsequent change in the initial incurred loss and loss adjustment expense reserves transferred.

As an expense, interest due or payable to assuming reinsurers on funds held by the reporting enitity.

As an offset to expense, interest due from ceding reinsurers on funds held by the ceding company on behalf of the reporting enitity.

Net realized foreign exchange capital gains and losses not related to investments. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Gains (losses) on fixed assets.

Exclude: Investment foreign exchange gains (losses)

Details of Write-ins Aggregated at Line 30 for Gains and Losses in Surplus

List separately each category of Gains and Losses in Surplus for which there is no pre-printed line on Page 4.

Include: Other gains and losses in surplus not included in Lines 18 through 29. Include items such as net proceeds from life insurance on employees

Corrections of errors in previously issued financial statements.

Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Exclude: Cumulative effect of changes in accounting principles. The effect of changes in accounting principles should be reported on the Cumulative Effect of Changes in Accounting Principles line.

Changes in accounting estimates. A change in accounting estimate should be included in the Statement of Income.

Companies that have previously reported reserves gross of salvage and subrogation should report the change to the net method as a change in accounting principle. The cumulative effect on prior years of this change should be reported as a write-in item on this line of the annual statement. The change in the reserve calculated using the net method should be included in net income for the year of the change and all future years.

## CASH FLOW

The Statement of Cash Flow is prepared using the direct method consistent with the Statement of Income, excluding the effect of current and prior year accruals. All revenue, expenditures, purchases and sale transactions involving cash should be entered gross. Pursuant to *SSAP No. 69—Statement of Cash Flow* for purposes of the Cash Flow Statement, cash is defined to include cash, cash equivalents and short-term investments. Refer to SSAP No. 69 for accounting guidance regarding the disclosure of non-cash operating, investing and financing transactions.

The following worksheets are provided to facilitate completion of the Cash Flow Statement. The format reflects common reporting practices. Reporting entities may need to make adjustments to various lines consistent with their operations. For example, changes in the asset for foreign exchange rates is typically associated with the investment portfolio and shown as an adjustment to investment income. Alternatively, the adjustment could be made to insurance operations if appropriate. The Worksheets exclude certain non-cash activities; (e.g., change in nonadmitted assets and change in Asset Valuation Reserve for life and fraternal companies), since the offset is to surplus and has no effect on cash, but adjustments are needed to remove other non-cash transactions. While the worksheets do not take into account the cumulative effect of changes in accounting principles, the appropriate lines of the Cash Flow Statement need to be adjusted for this change. Note that the Worksheets are designed to take into account all lines of the Assets and Liabilities, Surplus and Other Funds pages, as well as the Statement of Income.

Amounts generally described as restricted cash or restricted cash equivalents shall be included in the beginning and ending balance in the cash flow statement beginning with Dec. 31, 2019 reporting. Early adoption is allowed. Transfers between cash, cash equivalents, amounts generally described as restricted cash or restricted cash equivalents, and short-term investments are not part of the entity's operating, investing and financing activities, and details of those transfers are not reported as cash flow activities in the statement of cash flows.



### Cash from Operations Worksheet

| Ref. # | Premiums Collected Net of Reinsurance | |
|---|---|---|
| 1.1 | Statement of Income (Page 4) Line 1.1, current year | ______ |
| 1.2 | Assets (Page 2) Line 15 + 16.2 (In part for amounts related to earned premiums) + 16.3 (In part for experience rating and other amounts related to earned premiums), Column 1, current year less previous year | ______ |
| 1.3 | Liabilities (Page 3) Line 2 + 11, current year less previous year | ______ |
| 1.4 | ______ | ______ |
| 1.5 | Total of 1.1 – 1.2 + 1.3 + 1.4 (Report on Line 1 of the Cash Flow) | ______ |
| | **Net Investment Income** | |
| 2.1 | Statement of Income (Page 4) Line 9, current year | ______ |
| 2.2 | Assets (Page 2) Line 14 + 22, Column 1, current year less previous year | ______ |
| 2.3 | Liabilities (Page 3) Line 6 (In part for investment related expenses) + 7 (In part for investment related expenses) + 16, current year less previous year | ______ |
| 2.4 | Amortization of Premium from Investment Worksheet B8 + S8 + M9 + O9 | ______ |
| 2.5 | Accrual of Discount from Investment Worksheet B9 + S9 + M5 + O5 | ______ |
| 2.6 | Depreciation Expense (included in 2.1) | ______ |
| 2.7 | ______ | ______ |
| 2.8 | Total of 2.1 – 2.2 + 2.3 + 2.4 – 2.5 + 2.6 + 2.7 (Report on Line 2 of the Cash Flow) | ______ |

**Miscellaneous Income**

3.1 Statement of Income (Page 4)

Line 1.2 + 1.3 + 2 + 12, current year ____________

3.2 Assets (Page 2)

Line 16.2 (<u>In part</u> for amounts not included in Line 1.2 above) + 16.3 (<u>In part</u> for all amounts not reported in Line 1.2 above or 7.2 below), Column 1, current year less previous year ____________

3.3 ________________________________________ ____________

3.4 Total of 3.1 – 3.2 + 3.3 (Report on Line 3 of the Cash Flow) ____________

**Benefit and Loss Related Payments**

5.1 Statement of Income (Page 4)

Line 4 (<u>In part</u> for losses incurred) + 23, current year ____________

5.2 Assets (Page 2)

Line 16.1, Column 1, current year less previous year ____________

5.3 Liabilities (Page 3)

Line 1 + 3 + 4, current year less previous year ____________

5.4 ________________________________________ ____________

5.5 Total of 5.1 + 5.2 – 5.3 + 5.4 (Report on Line 5 of the Cash Flow) ____________

**Net Transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts (N/A for Title Entities)**

6.1 Statement of Income (Page 4) current year <u>(N/A for Title)</u>

6.2 Liabilities (Page 3) current year less previous year <u>(N/A for Title)</u>

6.3 ________________________________________ <u>(N/A for Title)</u>

6.4 Total of 6.1 – 6.2 + 6.3 (Report on Line 6 of the Cash Flow) <u>(N/A for Title)</u>

**Commissions, Expenses Paid and Aggregate Write-ins for Deductions**

7.1 Statement of Income (Page 4)

Line 4 (In part for loss adjustment expenses incurred) + 5 + 6, current year ______________

7.2 Assets (Page 2)

Line 16.3 (In part for commissions and expense allowances due) + 17 + 19, Column 1, current year less previous year ______________

7.3 Liabilities (Page 3)

Line 5 + 6 (In part for amounts not included in Line 2.3 above; i.e., non-investment expenses) + 7 (In part for amounts not included in Line 2.3 above; i.e., non-investment expenses), current year less previous year ______________

7.4 Depreciation Expense (included in 7.1) ______________

7.5 ______________________________________________ ______________

7.6 Total of 7.1 + 7.2 – 7.3 – 7.4 + 7.5 (Report on Line 7 of the Cash Flow) ______________

**Dividends Paid to Policyholders (N/A for Title Entities)**

8.1 Statement of Income (Page 4) current year (N/A for Title)

8.2 Liabilities (Page 3) current year less previous year (N/A for Title)

8.3 ______________________________________________ (N/A for Title)

8.4 Total of 8.1 – 8.2 + 8.3 (Report on Line 8 of the Cash Flow) (N/A for Title)

**Federal and Foreign Income Taxes Paid (Recovered)**

9.1 Statement of Income and Capital and Surplus Accounts (Page 4)

Line 14 + 20 + tax amount included in Lines 10, 18 and 19, current year ______________

9.2 Assets (Page 2)

Line 18.1 + 18.2, Column 1, current year less previous year ______________

9.3 Liabilities (Page 3)

Line 8.1 + 8.2, current year less previous year ______________

9.4 Total of 9.1 + 9.2 – 9.3 (Report on Line 9 of the Cash Flow) ______________

## Cash from Investments Worksheet

The following section provides a reconciliation of investment activity. Although non-cash items are included for reconciliation purposes, the Statement of Cash Flow shall only include transactions involving cash. In addition to excluding the lines that are explicitly non-cash items (e.g., change in admitted assets) from what is reported in the Statement of Cash Flow, adjustments are necessary to remove non-cash acquisitions or disposals. Cash proceeds from investments sold, matured or repaid shall be included in Line 12. Cash remitted for acquired long-term investments is included in Line 13.

**Bonds**

B1 Change in net admitted asset value for Bonds (Page 2)

Column 3 current less previous year ______________

B2 Change in assets nonadmitted for Bonds (Page 2)

Column 2 current less previous year ______________

B3 Sum of B1 + B2 ______________

B4 Cost of Acquired

Line 2 Schedule D-Verification Between Years, In part for cash acquisition of bonds (Report on Line 13.1 of the Cash Flow) ______________

B5 Calculate from Schedule D-Verification Between Years

| | | | |
|---|---|---|---|
| | Line 4 | Unrealized Valuation Increase (Decrease), In part | |
| Plus | Line 8 | Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part | |
| Minus | Line 9 | Current Year's Other-Than-Temporary Impairment, In part | ______________ |

B6 Total Gain (Loss) on Disposals

Line 5 Schedule D-Verification Between Years, In part ______________

B7 Consideration on Disposals

Line 6 Schedule D-Verification Between Years, In part for cash disposal of bonds (Report B7 minus B10 on Line 12.1 of the Cash Flow) ______________

B8 Amortization of Premium

Line 7 Schedule D-Verification Between Years, In part ______________

B9 Accrual of Discount

Line 3 Schedule D-Verification Between Years, In part ______________

B10 Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Line 10 Schedule D-Verification Between Years, In part for cash received for investment income recognized ______________

B11 Other amount increases/(decreases)

Include non-cash items not already included in B4 through B10 ______________

B12 Total of B4 + B5 + B6 – B7 – B8 + B9 + B10 + B11

B3 – B12 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in B11) ____________0

**Stocks**

S1 Change in net admitted asset value for Stocks (Page 2)

Column 3 current less previous year ____________

S2 Change in assets nonadmitted for Stocks (Page 2)

Column 2 current less previous year ____________

S3 Sum of S1 + S2 ____________

S4 Cost of Acquired

Line 2 Schedule D-Verification Between Years, In part for cash acquisition of stocks (Report on Line 13.2 of the Cash Flow) ____________

S5 Calculate from Schedule D-Verification Between Years

Line 4 Unrealized Valuation Increase (Decrease), In part
Plus Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, In part
Minus Line 9 Current Year's Other-Than-Temporary Impairment, In part ____________

S6 Total Gain (Loss) on Disposals

Line 5 Schedule D-Verification Between Years, In part ____________

S7 Consideration on Disposals

Line 6 Schedule D-Verification Between Years, In part for cash disposal of stocks (Report on Line 12.2 of the Cash Flow) ____________

S8 Amortization of Premium

Line 7 Schedule D-Verification Between Years, In part ____________

S9 Accrual of Discount

Line 3 Schedule D-Verification Between Years, In part ____________

S10 Other amount increases/(decreases)

Include non-cash items not already included in S4 through S9 ____________

S11 Total of S4 + S5 + S6 – S7 – S8 + S9 + S10 ____________

S3 – S11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in S10) ____________0

**Reconciliation of Bonds and Stocks to Schedule D – Verification Between Years**

B4 + S4 = Line 2, Cost of Bonds and Stocks acquired

B5 + S5 = Line 4, Unrealized Valuation Increase (Decrease) + Line 8, Total Foreign Exchange Change in Book/Adjusted Carrying Value – Line 9, Current Year's Other-Than-Temporary Impairment

B6 + S6 = Line 5, Total Gains (Losses)

B7 + S7 = Line 6, Consideration for Bonds and Stocks Disposed of

**Mortgage Loans**

M1 Change in net admitted asset value for Mortgages

Page 2, Column 3, current year less previous year

M2 Change in assets nonadmitted for Mortgages

Page 2, Column 2, current year less previous year

M3 Total of M1 + M2

**Schedule B – Verification Between Years**

M4 Line 2 Cost of Acquired, In part for cash acquisitions (Report on Line 13.3 of the Cash Flow)

M5 Line 4 Accrual of Discount

| | | | |
|---|---|---|---|
| M6 | | Line 5 | Unrealized Valuation Increase (Decrease) |
| | Plus | Line 9 | Total Foreign Exchange Change in Book/Adjusted Carrying Value |
| | Minus | Line 10 | Current Year's Other-Than-Temporary Impairment |

M7 Line 6 Total Gain (Loss) on Disposals

M8 Line 7 Amount Received on Disposals, In part for cash disposals (Report on Line 12.3 of the Cash Flow)

M9 Line 8 Amortization of Premium and Mortgage Interest Points and Commitment Fees

M10 Other amounts increases (decreases)

Include non-cash items not already included in M4 through M9

M11 Total of M4 + M5 + M6 + M7 – M8 – M9 + M10

M3 – M11 (If difference is not = 0, identify difference and add to amount(s) in the appropriate line(s) or in M10) 0

**Real Estate**

R1 Change in net admitted asset value for Real Estate

Page 2, Column 3, current year less previous year

R2 Change in assets nonadmitted for Real Estate

Page 2, Column 2, current year less previous year

R3 Total of R1 + R2

**Schedule A – Verification Between Years**

| | | | | |
|---|---|---|---|---|
| R4 | | Line 6 | Total Foreign Exchange Change in Book/Adjusted Carrying Value | |
| | Minus | Line 7 | Current Year's Other-Than-Temporary Impairment | |
| | Minus | Line 8 | Current Year's Depreciation | ______ |
| R5 | | Line 2.1 | Cost of Acquired, In part for cash acquisitions | |
| | Plus | Line 2.2 | Cost of Additional Investments Made, In part for cash investments | |
| | Plus | Line 3 | Current Year Change in Encumbrances, In part for cash changes | ______ |

(Report the sum of Lines 2.1, 2.2 and 3 on Line 13.4 of the Cash Flow)

| | | | |
|---|---|---|---|
| R6 | Line 4 | Total Gain (Loss) on Disposals | ______ |
| R7 | Line 5 | Amounts Received on Disposals, In part for cash disposals (Report on Line 12.4 of the Cash Flow) | ______ |
| R8 | Other amounts increases (decreases) | | |
| | | Include non-cash items not already included in R4 through R7 | ______ |
| R9 | Total of R4 + R5 + R6 – R7 + R8 | | ______ |
| | R3 – R9 | (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in R8) | 0 |

**Other Invested Assets**

| | | | |
|---|---|---|---|
| O1 | Change in net admitted asset value for Other Invested Assets (Page 2) | | |
| | | Column 3 current less previous year | ______ |
| O2 | Change in assets nonadmitted for Other Invested Assets (Page 2) | | |
| | | Column 2 current less previous year | ______ |
| O3 | Total of O1 + O2 | | ______ |

**Schedule BA – Verification Between Years**

| | | | | |
|---|---|---|---|---|
| O4 | Line 2 | | Cost of Acquisition, In part for cash acquisitions (Report on Line 13.5 of the Cash Flow) | ______ |
| O5 | Line 4 | | Accrual of Discount | ______ |
| O6 | | Line 5 | Unrealized Valuation Increase (Decrease) | |
| | Plus | Line 9 | Total Foreign Exchange Change in Book/Adjusted Carrying Value | |
| | Minus | Line 10 | Current Year's Other-Than-Temporary Impairment | ______ |
| O7 | Line 6 | | Total Gain (Loss) on Disposals | ______ |
| O8 | Line 7 | | Amount Received on Disposals, In part for cash disposals (Report on Line 12.5 of the Cash Flow) | ______ |
| O9 | Line 8 | | Amortization of Premium and Depreciation | ______ |
| O10 | Other amounts increases (decreases) | | | |
| | | | Include non-cash items not already included in O4 through O9 | ______ |
| O11 | Total of O4 + O5 + O6 + O7 – O8 – O9 + O10 | | | ______ |
| | O3 – O11 | | (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in O10) | 0 |

**Contract Loans and Premium Notes**

| | | |
|---|---|---|
| P1 | Change in net admitted asset value for Contract Loans and Premium Notes (Page 2) | |
| | Column 3 current less previous year | ______ |
| P2 | Change in assets nonadmitted for Contract Loans and Premium Notes (Page 2) | |
| | Column 2 current less previous year | ______ |
| P3 | Total of P1 + P2 | ______ |
| P4 | Increase (Decrease) by Adjustment | ______ |
| P5 | Net Increase (Decrease) in Amount Paid and Received | |
| | (Report on Line 14 of the Cash Flow) | ______ |
| P6 | Realized Gain (Loss) | ______ |
| P7 | Other amount increases (decreases) | |
| | Include non-cash items not already included in P4 through P6 | ______ |
| P8 | Total of P4 + P5 + P6 + P7 | ______ |
| | P3 – P8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in P7) | 0 |

**Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets**

| | | |
|---|---|---|
| W1 | Change in net admitted asset value for Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets (Page 2) | |
| | Column 3 Line 7 current year less previous year<br>Plus Column 3 Line 10 current year less previous year<br>Plus Column 3 Line 11 current year less previous year | ______ |
| W2 | Change in assets nonadmitted for Derivatives, Securities Lending Reinvested Collateral and Aggregate Write-ins for Invested Assets (Page 2) | |
| | Column 2 Line 7 current year less previous year<br>Plus Column 2 Line 10 current year less previous year<br>Plus Column 2 Line 11 current year less previous year | ______ |
| W3 | Total of W1 + W2 | ______ |
| W4 | Increase (Decrease) by Adjustment | ______ |
| W5 | Net Increase (Decrease) in Amounts Paid and Received (Report as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase | ______ |
| W6 | Realized Gain (Loss) | ______ |
| W7 | Other amounts increases (decreases) | |
| | Include non-cash items not already included in W4 through W6 | ______ |
| W8 | Total of W4 + W5 + W6 + W7 | ______ |
| | W3 – W8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in W7) | 0 |

**Receivable (Payable) for Securities**

| | | |
|---|---|---|
| X1 | Change in net admitted asset value for Receivable for Securities | |
| | Page 2, Column 3, current year less previous year | ____________ |
| X2 | Change in assets nonadmitted for Receivable for Securities | |
| | Page 2, Column 2, current year less previous year | ____________ |
| X3 | Net change in Payable for Securities | |
| | Page 3, Column 1 less Column 2 | ____________ |
| X4 | Total of X1 + X2 – X3 (Report absolute value as cash from misc. investments on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase) | ____________ |

**Reconcile Change in IMR Liability (Life and Fraternal Companies Only)**

| | | |
|---|---|---|
| 1 | Change in IMR liability | (N/A for Title) |
| 2 | Current period amounts transferred to IMR (primarily form the Form for Calculating IMR, Line 2) | (N/A for Title) |
| 3 | Current period amounts recognized in income | (N/A for Title) |
| 4 | Other amounts increases (decreases) | (N/A for Title) |
| 5 | Total of 2 – 3 + 4 | (N/A for Title) |
| 6 | 1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s)) | (N/A for Title) |

**Reconcile Change in AVR liability (Life and Fraternal companies only)**

| | | |
|---|---|---|
| 1 | Change in AVR liability (Page 3, of current year less prior year) | (N/A for Title) |
| 2 | Current period amounts transferred to AVR (Page 4) | (N/A for Title) |
| 3 | Other amounts increases (decreases) | (N/A for Title) |
| 4 | Total of 2 + 3 | (N/A for Title) |
| 5 | 1 – 4 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s)) | (N/A for Title) |

**Reconcile Unrealized Capital Gains (Losses)**

1 Capital and Surplus Account (Page 4)

Line 18 (<u>In part</u> excluding tax) + 19 (<u>In part</u> excluding tax), current year ____________

2 Increase (Decrease) by Adjustment from Investment Worksheet

(Ref. # B5 + S5 + M6 + R4 + O6 + P4 + W4) ____________

3 Increase (Decrease) on Cash, Cash Equivalents and Short-term Investments

(Report on Line 12.6 of the Cash Flow) ____________

4 Depreciation (included in Line 2 and reported on Line 2.6 of Cash from Operations Worksheet) ____________

5 Total of 1 – 2 – 3 –4

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) 0

**Reconcile Realized Capital Gains (Losses)**

1 Statement of Income (Page 4)

Line 10, current year before taxes ____________

2 Realized Gain (Loss) from Investment Worksheet

(Ref. # B6 + S6 + M7 + R6 + O7 + P6 + W6) ____________

3 Gain (Loss) on Cash, Cash Equivalents and Short-term Investments

(Report on Line 12.6 of the Cash Flow) ____________

4 Total of 1 – 2 – 3

(Amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) 0

**Cash from Financing Worksheet**

These lines calculate Line 16 of the Cash Flow.

**Cash Provided (Applied)**

**Surplus Notes and Capital Notes**

1.1 Change in Surplus Notes

Liabilities, Surplus (Page 3) Line 28, current year less previous year ____________

1.2 Change in Capital Notes

Liabilities (Page 3) current year less previous year ____________

1.3 ____________________________________________ ____________

1.4 Total of 1.1 + 1.2 + 1.3 (Report of Line 16.1 of the Cash Flow) ____________

**Capital and Paid in Surplus, Less Treasury Stock**

2.1 Change in Capital

Liabilities, Surplus (Page 3) Line 25 + 26, current year less previous year ______________

2.2 Change in Paid in Surplus

Liabilities (Page 3) Line 29, current year less previous year ______________

2.3 Change in Treasury Stock

Liabilities, Surplus (Page 3) Line 31, current year less previous year ______________

2.4 Transfer from Unassigned Surplus to lines included in 2.1 or 2.2 ______________

2.5 ______________________________________________________________ ______________

2.6 Total of 2.1 + 2.2 – 2.3 – 2.4 + 2.5 (Report on Line 16.2 of the Cash Flow) ______________

**Borrowed Money**

3.1 Change in Borrowed Money

Liabilities, Surplus (Page 3) Line 9, current year less previous year ______________

3.2 ______________________________________________________________ ______________

3.3 Total of 3.1 + 3.2 (Report on Line 16.3 of the Cash Flow) ______________

**Net Deposits on Deposit-type Contracts and Other Liabilities (N/A for Title Entities)**

4.1 Change in Deposit-type Contracts

Liabilities, Surplus (Page 3) current year less previous year (N/A for Title)

4.2 ______________________________________________________________ (N/A for Title)

4.3 Total of 4.1 + 4.2 (Report on Line 16.4 of the Cash Flow) (N/A for Title)

**Dividends to Stockholders**

5.1 Dividends to Stockholders

Capital and Surplus Account (Page 4) Line 28 ______________

5.2 Change in Dividends to Stockholders

Liabilities, Surplus (Page 3) Line 10, current year less previous year ______________

5.3 Total of 5.1 – 5.2 (Report on Line 16.5 of the Cash Flow) ______________

**Other Cash Provided (Applied)**

6.1 Aggregate Write-ins for Gains (Losses) to Surplus

Capital and Surplus Account (Page 4) Line 30, current year ______________

6.2 Change in Misc. Liabilities

Liabilities, Surplus (Page 3) Line 13 + 14 + 17 +18 + 19 + 21 + 22 + 24 + 27 (for amounts not more appropriately included in other lines of the Cash Flow), current year less previous year ______________

6.3 Change in Misc. Assets

Assets (Page 2) Line 20 + 21 + 23 + 24 (In part for amounts not included elsewhere) + 25 (In part for amounts not included elsewhere), Column 1, current year less previous year ______________

6.4 Transfer from Unassigned Surplus to lines included in 6.2 ______________

6.5 Depreciation (included on Line 7.4 from Operations Worksheet) ______________

6.6 ______________________________________________ ______________

6.7 Total of 6.1 + 6.2 – 6.3 – 6.4 + 6.5 + 6.6 (Report on Line 16.6 of the Cash Flow) ______________

**Reconcile Change in Liability in Reinsurance in Unauthorized and Certified Companies**

1 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Capital and Surplus Account (Page 4) Line 22, current year ______________

2 Change in Liability for Reinsurance in Unauthorized and Certified Companies

Liabilities, Surplus (Page 3) Line 15, current year less previous year ______________

3 Total of 1 + 2

(Amount should = 0, if not = 0, balance should be reported as an adjustment to the appropriate line on the Cash Flow Statement) ______________0

**Reconcile Nonadmitted Assets:**

1 Capital and Surplus Account

Page 4, Line 21 of current year ______________

2 Change in nonadmitted

Page 2, Column 2 total current year less previous year ______________

3 Other adjustments ______________

4 Total of 1 + 2 + 3

(Amount should = 0, if not = 0, balance should be reported as cash from financing on Line 16.6) ______________0

**Reconcile Change in Accounting:**

Capital and Surplus Account (Page 4) Line 25 of current year ____________

Allocate all amounts due to change in accounting to the appropriate section of the worksheet

**Supplemental Disclosure of Non-cash Transactions**

Report the amount of non-cash operating, investing and financing transactions consistent with the classifications contained on the Assets and Liabilities, Surplus and Other Funds (all except Health) Liabilities, Capital and Surplus (Health) page of the financial statement, excluding amounts associated with policy or contract loans. Refer to *SSAP No. 69—Statement of Cash Flow* for accounting guidance.

Examples of non-cash investing and financing transactions include:

- Receiving non-cash financial assets from parent as a capital contribution.
- Settling reinsurance transactions with exchange of non-cash financial assets.
- Converting debt to equity.
- Acquiring assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller.
- Exchanging non-cash assets or liabilities for other non-cash assets or liabilities.

Illustration:

The Company reported the following non-cash operating, investing and financing activities in 20___:

| | | Current Year | Prior Year |
|---|---|---|---|
| 20.0001. | Real estate acquired in satisfaction of debt | XXX | XXX |
| 20.0002. | Bonds & stocks acquired in a business acquisition | XXX | XXX |
| 20.0003. | Policy reserves acquired in a business acquisition | XXX | XXX |
| 20.0004. | Bonds acquired from parent as a capital contribution | XXX | XXX |
| 20.0005. | Remitted bonds to settle assumed reinsurance obligations | XXX | XXX |

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## OPERATIONS AND INVESTMENT EXHIBIT

## PART 1A – SUMMARY OF TITLE INSURANCE PREMIUMS WRITTEN AND RELATED REVENUES

This schedule reports revenue from direct and agency operations. Record premium revenue written on policies issued and record fee and revenues earned for orders produced directly. Record miscellaneous income (like closing protection letter fees) related to policies issued by the company. Income on orders not produced by the company should not be reported in Part 1A, but in Part 4, Column 5. Affiliated agents are those that meet the affiliation standards defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 1 – Direct Operations

The amounts shown in this column represent the company's direct operations. No items from agency operations (even wholly-owned agencies) are to be included in this column; only home office and branch office operations of the company are to be included in this column.

Exclude: Income on orders not produced by the company (report this income in Part 4, Column 5).

Column 2 – Non-affiliated Agency Operations

The amounts shown in this column represent the company's non-affiliated agency operations. This column should include all agency operations other than those that are reported in Column 3. Record title insurance premiums and miscellaneous fees and service charges (like closing protection letter fees) related to policies issued by the company.

Exclude: Income on orders not produced by the company (report this income in Part 4, Column 5).

Column 3 – Affiliated Agency Operations

The amounts shown in this column represent the company's affiliated agency operations. Wholly owned agencies should be included in the amounts shown in this column. Record title insurance premiums and miscellaneous fees and service charges (like closing protection letter fees) related to policies issued by the company. An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 4 – Current Year Total

The amounts reported in this column are the total of Columns 1, 2 and 3.

Column 5 – Prior Year Total

The amounts reported in this column are the amounts reported in Column 4 for the prior year.

Line 1 – Direct Premiums Written

The amounts reported on this line represent premiums derived from the policies issued directly by the company. The amounts shown on this line for Columns 1, 2 and 3 should agree to the amounts reported on Line 59 of Schedule T, Columns 3, 4, and 5, respectively.

Exclude — Closing Protection Letters ("CPL") or Insured Closing Letters ("ICL") fees or charges not considered premiums according to the state jurisdiction wherein the CPL or ICL was issued.

Line 2 – Escrow and Settlement Service Charges

The amounts reported on this line represent income reported by the company for escrow and settlement services charges. Only the amounts for direct operations need to be reported for this line; no reporting is required for agency operations.

Line 3 – Title Examinations

The amounts reported on this line are the fees received on title examinations.

Line 4 – Searches and Abstracts

The amounts reported on this line are the fees received on title searches and abstracts.

Line 5 – Surveys

The amounts reported on this line are fees received for surveys of real property.

Line 6 – Aggregate Write-ins for Service Charges

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6 for Service Charges.

Line 7 – Total

The amounts shown on this line for Column 4 should agree to the amounts reported on Line 59 of Schedule T, the total of Columns 3 to 6.

Details of Write-ins Aggregated at Line 6 for Service Charges

List separately each category of Service Charges for which there is no pre-printed line in Part 1A.

Include — Closing Protection Letters ("CPL") or Insured Closing Letters ("ICL") fees or charges not considered Premiums according to the state jurisdiction wherein the CPL or ICL was issued. CPLs or ICLs that are considered premiums should be included in Line 1 of the Operations and Investment Exhibit Part 1A.

## OPERATIONS AND INVESTMENT EXHIBIT

## PART 1B – PREMIUMS EARNED EXHIBIT

Line 1.1 – Direct Title Premiums Written

This line represents direct title premiums written for the year. It includes direct operations, non-affiliated agency operations, and agency operations. The amounts reported on this line should agree to the amounts reported on the Operations and Investment Exhibit, Part 1A, Line 1, Column 4.

Line 1.2 – Assumed Title Premiums Written

The amount represents title premiums written under agreements of reinsurance assumed. This can be done through reinsurance assumed treaties, facultative reinsurance assumed agreements, or under transfer and assumption agreements.

Line 1.3 – Ceded Title Premiums Written

The amount represents title premiums written under agreements of reinsurance ceded. This can be done through reinsurance ceded treaties, facultative reinsurance assumed agreements, or under transfer and assumption agreements.

Line 2.1 – Statutory Premium Reserve - Balance at December 31, Prior Year

The amounts reported on this line are the statutory premium reserve for the prior year. The amounts should agree with the amounts shown on Page 3, Line 2 for the prior year.

Line 2.2 – Aggregate Write-ins for Book Adjustments to Line 2.1

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 2.2 for Book Adjustments to Line 2.1.

Line 2.3 – Additions during the Current Year

This amount represents additions to the Statutory Premium Reserve during the current year. This is normally the premium written for the current year multiplied by the applicable statutory reserve accumulation factor.

Line 2.4 – Withdrawals during the Current Year

The amounts reported on this line are withdrawals from the Statutory Premium Reserve permitted under statute. This is normally the Statutory Premium Reserve amortization amount.

Line 2.5 – Aggregate Write-ins for Other Adjustments Not Effecting Earned Premiums

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 2.5 for Other Adjustments Not Effecting Earned Premiums.

Line 2.6 – Balance at December 31, Current Year

The amounts reported on this line represent the Statutory Premium Reserve at December 31 of the current year. The amounts reported on this line should agree with the amounts reported by the company on Page 3, Line 2, Column 1. The amounts reported on this line should agree to the amounts reported on Line 2.1 plus the amounts reported on Line 2.2, plus the amounts reported on Line 2.3 less the amounts reported on Line 2.4, plus the amounts reported on Line 2.5.

Line 3 – Net Title Premiums Earned During Year

This is Line 1.4 plus Line 2.1, plus Line 2.5, minus Line 2.6 and should balance to Schedule T, Line 59, Column 7 .

Details of Write-ins Aggregated at Line 2.2 for Book Adjustments to Line 2.1

The amounts reported on this line are any accounting adjustments to the prior year's Statutory Premium Reserve (SPR). For example, adjustments may be needed to reflect a merger or to correct errors. Add amounts that increase the SPR and subtract amounts that decrease the SPR.

Details of Write-ins Aggregated at Line 2.5 for Other Adjustments Not Effecting Earned Premiums

The amounts reported on this line are any adjustments to the SPR other than those reported on Lines 2.3 or 2.4. Add amounts that increase (shown as positive amounts) the SPR and subtract amounts that decrease (shown as negative amounts) the SPR.

## OPERATIONS AND INVESTMENT EXHIBIT

## PART 2A – LOSSES AND LOSS ADJUSTMENT EXPENSES PAID AND INCURRED

This schedule reports losses and loss adjustment expenses paid and incurred on direct and agency operations. Affiliated agents are those that meet the affiliation standards defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 1 – Direct Operations

The amounts shown in this column represent the company's direct operations. No items from agency operations (even wholly-owned agencies) are to be included in this column; only home office and branch office operations are to be included in this column.

Column 2 – Non-affiliated Agency Operations

The amounts shown in this column represent the company's non-affiliated agency operations. This column should include all agency operations other than those that are reported in Column 3.

Column 3 – Affiliated Agency Operations

The amounts shown in this column represent the company's affiliated agency operations. Wholly owned agencies should be included in the amounts shown in this column. An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 4 – Total Current Year

The amounts reported in this column are the total of Columns 1, 2 and 3.

Column 5 – Total Prior Year

The amounts reported in this column are the amounts reported in Column 4 for the prior year.

Line 1 – Losses and Allocated Loss Adjustment Expenses Paid - Direct Business, less Salvage and Subrogation

The amounts reported on this line represent losses and allocated loss adjustment expenses paid which relate to business of the company (title or escrow) other than reinsurance business assumed. The amounts shown on this line for Column 4 should agree to the amounts reported on Line 59 of Schedule T, Column 8.

Line 2 – Losses and Allocated Loss Adjustment Expenses Paid - Reinsurance Assumed, less Salvage and Subrogation

The amounts reported on this line represent losses and allocated loss adjustment expenses paid which relate to reinsurance business assumed.

Include: Unpaid balances due on paid losses reported by ceding enities during the current calendar year.

Line 3 – Total

This line represents the total of the amounts reported by the company on Lines 1 and 2.

Line 4 – Recovered During Year From Reinsurance

The amounts reported on this line represent amounts recovered during the year from reinsurance ceded related to losses and allocated loss adjustment expenses paid. It includes amounts receivable from reinsurers on losses paid during the current calendar year.

Line 5 – Net Payments

The amounts reported on this line are the amounts reported on Line 3 less the amounts reported on Line 4.

Line 6 – Known Claims Reserves - Current Year

The amounts reported on this line should agree with the amounts reported by the company on Page 3, Line 1, Column 1.

Line 7 – Known Claims Reserves - Prior Year

The amounts reported on this line should agree with the amounts reported by the company on Page 3, Line 1, Column 2.

Line 8 – Losses and Allocated Loss Adjustment Expenses Incurred

The amounts reported on this line should be the amounts reported on Line 5, plus the amounts reported on Line 6, less the amounts reported on Line 7.

Line 9 – Unallocated Loss Adjustment Expenses Incurred

The amount reported by the company for Line 9, Column 4 should agree with the amount reported by the company in the Operations and Investment Exhibit, Part 3, Line 24, Column 5.

Line 10 – Losses and Loss Adjustment Expenses Incurred

The amount reported on this line should be the amount reported on Line 8, plus the amount reported on Line 9 and to Page 4, Line 4

## OPERATIONS AND INVESTMENT EXHIBIT

## PART 2B – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

This schedule reports unpaid loss and loss adjustment expenses on direct and agency operations. Affiliated agencies are those that meet the affiliation standards defined by *SSAP No. 25—Affiliates and Other Related Parties*. Refer to *SSAP No. 57—Title Insurance* for accounting guidance.

**Salvage**

Any amount for salvage and subrogation (including amounts recoverable from second-injury funds, other governmental agencies, or quasi-governmental agencies, where applicable) must be disclosed in Schedule P, Part 1. Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Column 1 – Direct Operations

The amounts shown in this column represent the company's direct operations. No items from agency operations (even wholly owned agencies) are to be included in this column; only home office and branch office operations are to be included in this column.

Column 2 – Non-affiliated Agency Operations

The amounts shown in this column represent the company's non-affiliated agency operations. This column should include all agency operations other than those that are reported in Column 3.

Column 3 – Affiliated Agency Operations

The amounts shown in this column represent the company's affiliated agency operations. Wholly-owned agencies should be included in the amounts shown in this column. An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 4 – Total Current Year

The amounts reported in this column are the total of Columns 1, 2 and 3.

Column 5 – Total Prior Year

The amounts reported in this column are the amounts reported in Column 4 for the prior year.

Line 1.1 – Direct Loss and Allocated LAE Reserve for Title and Other Losses of which Notice has been Received

This line represents the direct loss and allocated LAE reserves for title and other losses of which notice has been received.

The amount shown in Column 1 should agree to Schedule P, Part 1A, Column 17, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should agree to Schedule P, Part 1B, Column 17, Line 12.

Include: All loss and allocated LAE known claim reserves for claims that have been reported in any way to the home office of the company on or before December 31 of the current year.

Line 1.2 – Reinsurance Assumed Loss and Allocated LAE Reserve for Title and Other Losses of which Notice has been Received

The amount represents loss and allocated LAE reserves for title and other losses of which notice has been received under agreements of reinsurance assumed. This can be done through reinsurance assumed treaties, facultative reinsurance assumed agreement, or under transfer and assumption agreements. The amounts reported on this line should agree with Schedule F, Part 1, Column 8.

The amount shown in Column 2 plus the amount shown in Column 3 should as agree to Schedule P, Part 1B, Column 18, Line 12.

Line 2 – Reinsurance Recoverable

The amounts shown on this line represents reinsurance ceded recoverables (from authorized, unauthorized and certified companies) on unpaid losses of which notice has been received. This can be done through reinsurance ceded treaties, facultative reinsurance assumed agreements, or under transfer and assumption agreements.

The amounts shown on this line should reconcile to amounts reported in Schedule F, Part 2, Column 9, Total.

The amount shown in Column 1 should agree to Schedule P, Part 1A, Column 19, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should as agree to Schedule P, Part 1B, Column 19, Line 12.

Line 3 – Known Claim Reserves Net of Reinsurance

The amounts reported on this line are the amounts reported on Line 1.1, plus the amounts reported on Line 1.2, less the amounts reported on Line 2. The amount shown on this line should agree with Page 3, Line 1.

Line 4.1 – Incurred but not Reported – Direct

The amounts reported on this line are incurred but not reported losses on a direct basis.

The amount shown in Column 1should agree to Schedule P, Part 1A, Column 20, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should as agree to Schedule P, Part 1B, Column 20, Line 12.

Line 4.2 – Incurred but not Reported – Reinsurance Assumed

The amounts reported on this line are incurred but not reported losses related to reinsurance assumed.

The amount shown in Column 1 should agree to Schedule P, Part 1A, Column 21, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should agree to Schedule P, Part 1B, Column 21, Line 12.

Line 4.3 – Incurred but not Reported – Reinsurance Ceded

The amounts reported on this line are incurred but not reported losses related to reinsurance ceded.

The amount shown in Column 1 should  agree to Schedule P, Part 1A, Column 22, Line 12.

The amount shown in Column 2 plus the amount shown in Column 3 should agree to Schedule P, Part 1B, Column 22, Line 12.

Line 4.4 – Incurred but not Reported – Net of Reinsurance

The amounts reported on this line are the amounts reported on Line 4.1, plus the amounts reported on Line 4.2, less the amounts reported on Line 4.3.

Line 5 – Unallocated LAE Reserve

The amount reported in Column 4 on this line should agree with the amounts reported in Schedule P, Part 1, Line 12, Column 23.

Line 6 – Discount for Time Value of Money, if Allowed

Only discounts allowed by law (statutes or regulations) should be reported on this line.

The amount reported in Column 4 on this line should agree with the amounts reported in Schedule P, Part 1, Line 12, Column 33.

Line 7 – Total Schedule P Reserves

The amounts reported on this line should agree with the total of the amounts reported on Lines 3 + 4.4 + 5, less the amount reported on Line 6. The amounts reported in Column 4 on this line should agree with the amount reported in Schedule P, Part 1, Line 12, Column 34.

Line 8 – Statutory Premium Reserve at Year End

The amounts reported on this line represent the Statutory Premium Reserve at December 31 of the current year. The amounts reported on this line should agree with the amounts reported by the company on Page 3, Line 2.

Line 9 – Aggregate of Other Reserves Required by Law

The amount reported on this line is the amount reported on Page 3, Line 3, if appropriate. Only reserves related to the Statutory Premium Reserve or loss and loss adjustment expenses as covered in Schedule P are eligible for inclusion.

Line 10 – Supplemental Reserve

The amount reported on this line is the amount reported on Line 7, less the amounts reported on Lines 3 plus 8 plus 9, but not less than zero.

## OPERATIONS AND INVESTMENT EXHIBIT

## PART 3 – EXPENSES

A company that pays management fees to an affiliate (including a managing general agent) shall allocate these costs to the appropriate expense classification item (salaries, rent, postage, etc.) as if these costs had been borne directly by the company. Management (or similar) fees should not be reported as a one-line expense. It is appropriate for the company to estimate these expense allocations based on a formula or other reasonable basis.

The total management fees and the method(s) used for allocation shall be disclosed in the Notes to Financial Statements. The company shall use the same allocation method(s) on a consistent basis. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Exclude from investment expenses brokerage and other related fees, to the extent they are included in the actual cost of a bond upon acquisition. Refer to *SSAP No. 26R—Bonds* for accounting guidance.

Include all other internal costs or costs paid to an affiliated company related to origination, purchase or commitment to purchase bonds.

Column 1 – Title and Escrow Operating Expenses - Direct Operations

The amounts shown in this column represent expenses related to the company's title and escrow operations. It does not include losses, loss adjustment expenses (allocated or unallocated) or investment expenses. The expenses include only amounts incurred directly by the company, and do not include expenses incurred by any agents (regardless of ownership interest).

Exclude: Expenses on orders not produced by the company (report this in Column 6, Other Operations).

Column 2 – Title and Escrow Operating Expenses - Non-affiliated Agency Operations

The amounts shown in this column represent expenses related to the company's title and escrow non-affiliated agency operations. It does not include losses, loss adjustment expenses (allocated or unallocated) or investment expenses. The expenses include only amounts incurred directly by the company and do not include expenses incurred by any agency (regardless of ownership interest).

Exclude: Expenses on orders not produced by the company (report this in Column 6, Other Operations).

Column 3 – Title and Escrow Operating Expenses - Affiliated Agency Operations

The amount shown in this column represent expenses related to the company's title and escrow affiliated agency operations. It does not include losses, loss adjustment expenses (allocated or unallocated) or investment expenses. The expenses include only amounts incurred directly by the company and do not include expenses incurred by any agency (regardless of ownership interest).

Exclude: Expenses on orders not produced by the company (report this in Column 6, Other Operations).

An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 4 – Total

The amounts reported in this column are the total of Columns 1, 2 and 3.

Column 5 – Unallocated Loss Adjustment Expenses

The amounts shown in this column represent the indirect costs incurred by the company in settlement of title and other claims. As an example, the costs related to salaried employees of the insurer involved in the management of claims are included in this category. Do not include any costs incurred by the agents in settlement of title or other claims.

The amounts shown on Line 24 should agree with the amounts reported on the Operations and Investment Exhibit, Part 2A, Line 9.

Column 6 – Other Operations

The amounts shown in this column represent the expenses incurred by the company in operations other than title and escrow, or loss adjustment or investment activities.

Include: Expenses on orders not produced by the company, such as expenses incurred in the sale of title services to attorneys, agents, lenders or others. Expenses related to the revenue reported as Other Operating Income on Page 4, Line 2.

Exclude: Expenses allocated to providing services related to the issuance of a title policy by direct operations.

Column 7 – Investment Expenses

The amounts shown in this column represent the expenses incurred by the company, both internal and external, in connection with the production of the company investment income.

Column 8 – Current Year Total

The amounts reported in this column are the total of Columns 4, 5, 6 and 7.

Column 9 – Prior Year Total

The amounts reported in this column are the amounts reported in Column 8 for the prior year.

## INSTRUCTIONS FOR UNIFORM CLASSIFICATIONS OF EXPENSES OF

## TITLE INSURERS

For the purposes of establishing uniformity in classifications of expenses of title insurers recorded in statements and reports filed with and statistics reported to Insurance Departments, all such reporting entities shall observe the instruction set forth below.

### LIST OF OPERATING EXPENSE CLASSIFICATIONS FOR ANNUAL STATEMENT PURPOSES

1. Personnel Costs
    - 1.1 Salaries
    - 1.2 Employee Relations and Welfare
    - 1.3 Payroll Taxes
    - 1.4 Other Personnel Costs
2. Amounts Paid to or Retained by Title Agents
3. Production Services (purchased outside)
    - 3.1 Searches, Examinations and Abstracts
    - 3.2 Surveys
    - 3.3 Other
4. Advertising
5. Boards, Bureaus and Associations
6. Title Plant Rent and Maintenance
7. Claim Adjustment Services
8. Amounts Charged Off, Net of Recoveries
9. Marketing and Promotional Expenses
10. Insurance
11. Directors' Fees
12. Travel and Travel Items
13. Rent and Rent Items
14. Equipment
15. Cost or Depreciation of EDP Equipment and Software
16. Printing, Stationary, Books and Periodicals
17. Postage, Telephone, Messengers and Express
18. Legal and Auditing

20. Taxes, Licenses and Fees
    - 20.1 State and Local Insurance Taxes
    - 20.2 Insurance Department Licenses and Fees
    - 20.3 Gross Guaranty Association Assessments
    - 20.4 All Other (excluding Federal Income and Real Estate)
21. Real Estate Expenses
22. Real Estate Taxes
23. Miscellaneous

Line 1.1 – Salaries

Include: Salaries, bonus, overtime, contingent compensation, pay while on leave, dismissal allowances, pay while training and other compensation of officers and employees.

Commission and brokerage to employees when the activities for which the commission is paid are part of their duties as employees.

Exclude: Salaries or wages, etc., of janitors, caretakers, maintenance workers and agents paid in connection with owned real estate and premises leased for company use. (See Real Estate Expenses.)

Retirement allowances.

Directors' and committee fees.

Disability payments to or on behalf of employees under self-insurance plan.

Line 1.2 – Employee Relations and Welfare

Include: Cost of retirement insurance.

Payments or appropriations to funds irrevocably devoted to the payment of pensions or other employees' benefits.

Pensions or other retirement allowances.

Accident, health and hospitalization insurance for employees.

Group life insurance for employees.

Workers' compensation insurance.

Payments to or on behalf of employees under self-insurance.

Any other insurance for the benefit of employees.

Net periodic postretirement benefit cost.

Earned amounts related to employee stock option plans

Payments by company under a program for stock options, purchase and award plans (including change in quoted market value).

Refer to *SSAP No. 12—Employee Stock Ownership Plans* and *SSAP No. 104R—Share-Based Payments* for accounting guidance.

Exclude: Premiums for life insurance on employees when the company is the beneficiary.

Payments or appropriations to pension funds not irrevocably devoted to the payment of pensions or other employees; benefits (such payments or appropriations shall not appear among expenses).

Items includable in Real Estate Expenses.

All other types of insurance premiums.

Line 1.3 – Payroll Taxes

Include: Employer FICA, FUTA and other federal state and local payroll taxes.

Exclude: Payroll taxes includable in Real Estate Expenses.

Line 1.4 – Other Personnel Costs

Include: Cost of the following:

Advertising related to recruiting.

Employment agency placement fees.

Training and welfare of employees.

Physical examinations of employees or applicants for employment.

Character or credit reports on employees or applicants for employment.

Gatherings, outings and entertainment for employees.

Visiting nurse service for or on behalf of employees.

Medical and hospital bills for employees (not included in Employee Relations and Welfare).

Direct payments other than salaries, to employees for injury and sickness (not included in Employee Relations and Welfare).

Overtime meals.

Donations to or on behalf of employees.

Food and catering for employees.

Exclude: Salaries, bonus, overtime, contingent compensation, pay while on leave, dismissal allowances, pay while training and other compensation of employees. (See Salaries.)

Items includable in Real Estate Expenses.

Cost of house organ and similar publications. (See Advertising, and Printing and Stationery.)

Line 2 – Amount Paid to or Retained by Title Agents

This line includes all amounts paid directly or indirectly to the title agent. It can include commissions or fees paid directly to the title agents. It can also include any amounts collected from the insureds for title insurance premiums that are retained by the title agent, and not remitted to the company.

Line 3.1 – Searches, Examinations and Abstracts

Include: Searching and examining, reading, closing, abstracts and continuations and tax searches, including continuations and mark offs.

State searches such as franchise tax, transfers, and estates, incorporation's, dissolution's of corporations and any other searches required of the State Department of Taxation.

Building Department searches such as tenement house, cost of certificate of occupancy, Department of Building and Housing, etc.

Other miscellaneous searches such as bankruptcy lists, street reports; examining conditional bills of sale, and chattel mortgage; death certificates, fire health and labor departments, abstracts or certified copies of anything pertaining to record proof required in the examination of title, including surrogate's proceedings, probate proceedings, transfer tax proceedings, bankruptcy proceedings, Federal Court proceedings, copies of deeds, letters testamentary, wills, etc.; appointment of trustees, etc.; last owners; and any other analogous thereto.

Exclude: Survey charges, appraisals and salaries of staff members providing search examination and abstract services.

Line 3.2 – Surveys

This account classification shall include the net charges of outside surveyors or other title companies for all survey work including possession surveys; enclosure surveys; locations surveys; surveying and locating building and showing same on map; survey, map, and descriptions; staking plot; furnishing tracings and prints; redating surveys; survey prints purchased.

Exclude: Compensation of salary staff members for making survey or property inspections.

Blueprints and photostats of surveys.

Line 3.3 – Other

Include: Purchases of atlases.

Cost of keeping atlases current such as the insertion of new pages and corrections, indexing and other related expenses.

Cost of copies of filed land maps, damage maps, extracts of sheets from land maps, alteration maps obtained from topographical bureaus.

Binding, printing, mounting, and indexing land maps.

Sales tax and discounts on items included.

Other outside production services purchased, such as property inspections, policy or report typing.

Line 4 – Advertising

Include:

Services of advertising agents.

Public relations counsel.

Space in newspapers, trade publications, diaries, directories, yearbooks, billboards, programs and other publications.

Circulars, pamphlets, calendars and literature issued for advertising or promotional purposes

Drawings, plates, etchings, etc., in connection with advertising.

All charges for printing, paper, etc., in bills covering advertising

Media broadcasts (e.g., radio, television, etc.).

Prospect and mailing lists.

Advertising in connections with corporate proceedings.

Printed material issued or distributed for promotional purposes.

All charges for compiling material content, printing, paper, mailing expenses, including envelopes, labels, and boxes, etc., in connection with the distribution of promotional material.

Souvenirs and other promotional items for general distribution.

House organs and similar publications distributed to persons other than staff members.

Signs, frames, medals, etc., for agents

Advertising required by law when more than the minimum space required to comply with the law is taken

Exclude:

Compensation to employees (See Salary)

Items includable in Travel and Travel Items.

Items includable in Boards and Associations.

Items includable in Claim Adjustment Services.

Advertising and business development expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors, and other producers.

Cost of advertising related to recruiting. (See Employee Relations and Welfare.)

Cost of advertising in connection with owned real estate. (See Real Estate Expenses).

Donations to organized charities. (See Miscellaneous.)

Costs of charts, maps, etc., used for routine company operations.

Cost of literature and booklets, placards, signs, etc., issued solely for employee benefits.

Cost of house organs and similar publications for use of employees. (See Printing and Stationery.)

Cost of souvenirs not generally distributed. (See Travel and Travel Items.)

Line 5 – Boards, Bureaus and Associations

Include: Dues, assessments, fees and charges of underwriting boards, rating organizations, statistical agencies, inspection and audit bureaus.

Underwriters' advisory and service organizations.

Accident and loss prevention organizations.

Claim organizations.

Underwriting syndicates, pools and associations and assigned risk plans (except Commission and Brokerage, Claim Adjustment Services, and Taxes, Licenses and Fees).

Specific payments to title or mortgage associations for rate manuals, revisions, fillers and other industry-wide literature.

Exclude: Dues and subscriptions to social or civic clubs or affairs and to associations of customers. (See Marketing and Promotion.)

Dues and subscriptions to accounting, legal, actuarial or similar societies and associations. (See Legal and Auditing.)

Cost of inspection, engineering or accident and loss prevention billed specifically to individual companies .

Loss adjustment expenses billed specifically to individual companies. (See Claim Adjustment Services).

Allowances under reinsurance contracts for board and bureau expenses.

Payments to State Industrial Commissions. (See Taxes, Licenses and Fees.)

Payments into State Security Funds. (See Taxes, Licenses and Fees.)

Commission and Brokerage. Claim Adjustment Services, and Taxes, Licenses and Fees of underwriting syndicates, pools and associations.

Cost of survey, credit, moral hazard, character and commercial reports obtained for underwriting purposes.

Cost of commercial reporting services.

Line 6 – Title Plant Rent and Maintenance

The line includes all direct costs incurred in connection with the rental or lease of title plants. It also includes costs incurred by the company in connection with the participation in joint maintenance agreements for title plants owned by others.

Line 7 – Claim Adjustment Services

Include: Other claim adjustment fees and expenses.

Outside services for unallocated claim administration.

Auditing fees and expenses of independent auditors for auditing payrolls and premium bases.

Exclude: Compensation to employees. (See Salaries.)

Expenses of salaried employees (See Travel and Travel Items)

Fees and expenses of lawyers for legal services in the defense, trial or appeal of suits, or for other allocated legal services rendered in connection with title claims (include in Title Losses and Loss Adjustment Expenses Paid).

Interests and costs assessed as part of or subsequent to judgment (include in Title Losses Paid).

Line 8 – Amounts Charged Off, Net of Recoveries

This line includes amounts charged off related to title insurance premiums, title agency remittances and other services accrued that could not be collected.

Include: Recoveries of amounts previously charged off.

Exclude: Items includable in Real Estate Expenses.

Line 9 – Marketing and Promotional Expenses

This line includes all amounts incurred for expenses directly related to the production of specific sales efforts.

Include: Dues and subscriptions to social or civic clubs or affairs and to associations of customers.

Exclude: Items included in Advertising, Line 4

Compensation to employees. (See Salaries.)

Line 10 – Insurance

Include: Fidelity or surety bonds covering employees and agents.

Burglary and robbery insurance.

Public liability insurance premiums (excluding owned real estate).

Premiums for insurance on office contents.

Cost of insurance on automobiles.

All other insurance premiums not specifically provided for in other operating accounts.

Exclude: Items includable in Employee Relations and Welfare.

Items includable in Real Estate Expenses.

Items includable in Rent and Rent Items.

Items includable in Travel and Travel Items.

Line 11 – Directors' Fees

Include: Directors' fees and other compensation of directors for attendance at board or committee meetings.

Other fees, compensation and expenses paid to directors.

Exclude: Commissions to directors for the production of business.

Line 12 – Travel and Travel Items

Include: Transportation, hotel, meals, postage, telephone, telegraph, express and incidental living expenses of employees while traveling.

Expenses for transfer of employees.

Mileage allowance to employees for use of personal cars.

Depreciation repairs and other operating expenses of automobiles.

Rent of automobiles.

Fees for automobile registration.

Cost of insurance on rented automobiles.

Exclude: Items includable in Salaries; Advertising; Commissions; Taxes, Licenses and Fees; and Boards, Bureaus and Associations.

Cost of gatherings, outings, etc., and entertainment for employees. (See Other Personnel Costs.)

Items includable in Real Estate Expenses.

Donations to organized charities. (See Miscellaneous.)

Cost of souvenirs and other promotional items for general distribution. (See Advertising.

Line 13 – Rent and Rent Items

Include: Rent of home office and branch offices.

Real Estate taxes in connections with leased premises. Refer to *SSAP No. 22R—Leases* for accounting guidance of leases by lessors and lessees.

Rent for space occupied in buildings owned.

Public liability insurance premiums.

Light, heat, power and water charges in leased premises.

Interest, taxes, etc., paid in lieu of rent for leased premises

Cost of alterations and repairs of leased premises.

Rent of storage, safekeeping and warehouse space.

Rent of safe deposit boxes.

Rent of post office boxes.

Time clock service charges.

Cost of cleaning, towels, ice, water, electric lamp replacements and other expenses incidental to office maintenance.

Exclude: Compensations to employees. (See Salaries.)

Rent of furniture, equipment, and office machines. (See Equipment).

Rent of Automobiles. (See Travel and Travel Items).

Cost of insurance on rented automobiles. (See Travel and Travel Items)

Amortization expense for leasehold improvements as lessee.

Rent allowed, reimbursed, or paid to managers, agents, brokers, solicitors and other producers

Items includable in Real Estate Expenses.

Rent income from owned real estate.

Line 14 – Equipment

Include: Rent and repairs of furniture, equipment and office machines including printers' equipment and postage machines.

Equipment other than automobiles, purchased and fully depreciated or written off during the year.

Depreciation on furniture, equipment and office machines.

Exclude: Compensation to employees. (See Salaries).

Rent, repair, and depreciation of automobiles. (See Travel and Travel Items).

Cost of alterations and repairs of leased premises. (See Rent and Rent Items).

Equipment expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers.

Items includable in Real Estate Expenses.

Depreciation and amortization expense for electronic data processing equipment, operating and non-operating systems software. (See Cost or Depreciation of EDP Equipment and Software.)

Line 15 – Cost or Depreciation of EDP Equipment and Software

Include: Depreciation and amortization expense for electronic data processing equipment, operating and non-operating systems software.

Refer to *SSAP No. 16R—Electronic Data Processing Equipment and Software* for accounting guidance.

Line 16 – Printing, Stationery, Books and Periodicals

Include: Printing, stationery and office supplies such as: letterheads, envelopes, paper stock, printed forms or manuals, adding machine tape, carbon paper, binders and posts, photostatted copies, pencils, pens, ink, glue, stamps and stamp pads, staplers, staples, clips and pins, desk top equipment (calendars, trays, etc.), waste baskets, analysis pads, ledgers, journals, minute books, etc.

Policies and policy forms.

House organs and similar publications for the use of employees.

Books, newspapers and periodicals including investment, tax and legal publications and services.

Exclude: Compensation to employees. (See Salaries.)

Specific payments to boards, bureaus and associations for rate manuals, revisions, fillers, rating plans and experience data. (See Boards, Bureaus and Associations.)

Literature, booklets, placards, signs, etc., issued solely for accident and loss prevention. (See Surveys and Underwriting Reports.)

Items includable in Claim Adjustment Services.

Items includable in Advertising.

Printers' equipment in company owned printing department. (See Equipment.)

Printing and stationery costs allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers.

House organs and similar publications distributed to persons other than employees. (See Advertising.)

Commercial reporting services.

Items includable in Real Estate Expenses.

Line 17 – Postage, Telephone, Messengers and Express

Include: Express, freight and cartage.

Postage.

Cost of telephone.

Bank charges for collection and exchange

Exclude: Compensation to employees. (See Salaries.)

Rent, repairs, and depreciation of postage machine. (See Equipment.)

Postage, telephone, telegraph and express mail service used by employees while traveling (See Travel and Travel Items).

Postage, telephone, telegraph, exchange and express mail service allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers.

Profits or losses resulting from exchange on remittances to home office by a U.S. branch. Such profits or losses shall not be included in expenses.

Items includable in Real Estate Expenses.

Rent of post office boxes (See Rent and Rent Items).

Line 18 – Legal and Auditing

Include: Legal retainers, fees and other legal expenses and non-title related losses (except on title and escrow losses and salvage).

Auditing fees of independent auditors for examining records of home and branch offices.

Cost of services of tax advisors.

Services of consultants.

Fees of investment counsel.

Fees and expenses of other persons than employees, for collecting balances.

Notary fees.

Dues and subscriptions to accounting, legal, actuarial or similar societies and associations.

Exclude: Compensation to employees. (See Salaries.)

Expenses of salaried employees. (See Travel and Travel Items.)

Items includable in title or escrow losses and salvage.

Items includable in Real Estate Expenses.

Line 20.1 – State and Local Insurance Taxes

Include: State premium taxes, licenses and fees.

County and municipal premium taxes, licenses and fees.

Fire Patrol assessments.

Payments to State Industrial (or other) Commissions for administration of Workers' Compensation or other State Benefit Acts (including assessments for administering Financial Responsibility Laws) regardless of basis of assessment.

Net payments to State Security Funds, Reopened Case Funds, Social Injury Funds and other State Funds, when construed by the company as operating expenses, regardless of basis of assessment.

Exclude: Allowances for taxes under reinsurance contracts.

Line 20.2 – Insurance Department Licenses and Fees

Include: Agents' licenses.

Certificates of authority, compliance, deposit, etc.

Filing fees.

Fees and expenses of examination by insurance department or other governmental agencies

Business licenses, corporation licenses.

Exclude: Items includable in Line 20.1 - State and Local Insurance Taxes and Line 20.4 - All Other (Excluding Federal Income and Real Estate).

Items includable in Claim Adjustment Services.

Line 20.4 – All Other (Excluding Federal Income and Real Estate)

Include: Qualifying bond premiums.

Statement publication fees.

Advertising required by law.

Personal property taxes.

State taxes on income or gross receipts.

Occupancy tax.

Capital stock taxes.

Business corporation licenses or fees (not includable Lines 20.1 or 20.2).

Marine profits taxes.

Documentary stamps on reinsurance.

Any other taxes not assignable under Lines 20.1, 20.2 and 20.3 and not otherwise excluded.

Exclude: Real estate taxes (See Real Estate Taxes).

Cost of advertising required by law where more than minimum space required to comply with the law is taken. Such expenses shall be included in Advertising.

Items includible in Claim Adjustment Services

Fees for automobile license plates (See Travel and Travel Items).

Federal income taxes.

County and municipal premium taxes, licenses and fees.

Sales taxes, etc., included on invoice of vendors. Such taxes are to follow allocation of cost of items purchased.

Line 21 – Real Estate Expenses

Include: Salaries, wages and other compensation, including payroll taxes, of janitors, caretakers, maintenance workers and agents paid in connection with owned real estate.

Cost of operating and maintaining owned real estate.

Cost of insurance in connection with owned real estate.

Cost of advertising in connection with owned real estate.

Line 22 – Real Estate Taxes

Include: Taxes, licenses and fees on owed real estate.

Line 23 – Aggregate Write-ins for Other Expenses

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 23 for Other Expenses.

Details of Write-ins Aggregated at Line 23 for Other Expenses

List separately each category of other expense for which there is no pre-printed line in Part 3.

Expenses not listed as includable in other operating expense classifications, and not analogous thereto, shall be included in "Other." Specifically, the following shall be included:

Include: Donations to organized charities.

Cost of tabulating service when such service is rendered by outside organizations.

Amounts received and handled in accordance with the Instruction "Income from Special Services."

Differences between actual amounts paid, and amounts apportioned in accordance with the Instruction "Joint Expenses."

## GENERAL INSTRUCTIONS IN CONNECTION WITH OPERATING EXPENSE CLASSIFICATIONS

**A. Joint Expense**

Whenever personnel or facilities are used in common by two or more companies, or whenever the personnel or facilities of one company are used in the activities of two or more companies, the expenses involved shall be apportioned in accordance with the instructions relating to Joint Expenses, and such apportioned expenses shall be allocated by each company to the same operating expense classifications as if the expenses had been borne wholly. Any difference between the actual amount paid, and the amount of such apportioned expenses, shall be included in the operating expense classification "Miscellaneous."

This instruction does not apply to the following, which are covered by separate instructions herein:

Reinsurance commission and allowance (see Commission and Brokerage – Reinsured Assumed and Ceded)

Commission and brokerage paid to managers and agents (see Commission and Brokerage – Direct)

Allowances to managers and agents (see Allowances to Manager and Agents)

Expenses allocable in accordance with the instruction "Income from Special Services"

**B. Expenses for Account of Another**

Whenever expenses are paid by one company for account of another, the payments shall not appear among the expenses reported by the former, and shall be included by the latter in the same expense classification as if originally paid by it.

**C. Income from Special Services**

Whenever an insurance company receives compensation for sales or services, such as loss adjustment or inspection not related to policies written by the company, and such compensation is not calculated as a joint expense reimbursement, the amount thereof shall be included in the operating expense classification "Miscellaneous." Where an insurance company pays the compensation, allocation shall be made to the expense classification dictated by the nature of the expense.

Reinsurance commission and allowances (See Commission and Brokerage – Reinsurance Assumed and Ceded).

Expenses incurred for the benefit of companies in the same group or fleet are covered by the instruction "Joint Expenses."

**D. Analogous Items**

The list of expenses includible in the operating expense classifications is representative and do not exclude analogous items that are omitted from the lists.

## OPERATIONS AND INVESTMENT EXHIBIT

## PART 4 – NET OPERATING GAIN/LOSS EXHIBIT

Column 1 – Direct Operations

The amounts shown in this column represent the company direct operations. No items from agency operations (even wholly-owned agencies) are to be included in this column; only home office and branch office operations are to be included in this column.

Column 2 – Non-affiliated Agency Operations

The amounts shown in this column represent the company non-affiliated agency operations. This column should include all agency operations other than those that are reported in Column 3.

Column 3 – Affiliated Agency Operations

The amounts shown in this column represent the company affiliated agency operations. Wholly-owned agencies should be included in the amounts shown in this column. The standards for reporting as an affiliated agency are the affiliation standards established under the holding company laws of the domestic state jurisdiction.

Column 4 – Total

The amounts reported in this column are the total of Columns 1, 2 and 3.

Column 5 – Other Operations

The amounts in this column represent amounts other than those shown in Columns 1, 2 or 3.

Column 6 – Current Year Total

The amounts reported in this column are the total of Columns 4 and 5.

Column 7 – Prior Year Total

The amounts reported in this column are the amounts reported in Column 6 for the prior year.

Line 1.1 – Title Insurance Premiums Earned

The amounts reported in this line are the amounts reported in Operations and Investment Exhibit, Part 1B, Line 3, Column 1.

Line 1.2 – Escrow and Settlement Services

The amounts reported in this line are the amounts reported in Operations and Investment Exhibit, Part 1A, Line 2.

Line 1.3 – Other Title Fees and Service Charges

The amounts reported in this line are the amounts reported in Operations and Investment Exhibit, Part 1A, Lines 3 to 6.

Line 3 – Total Operating Income

The amounts reported on this line are the totals of the amounts shown on Lines 1.1 through 1.3 plus the amount shown on Line 2.

Line 4 – Losses and Loss Adjustment Expenses Incurred

The amounts reported in this line are the amounts reported in Operations and Investment Exhibit, Part 2A, Line 10, Column 4.

Line 5 – Operating Expenses Incurred

The amounts reported in this line are the amounts reported in Operations and Investment Exhibit, Part 3, Line 24, Columns 1 through 3 and Column 6.

Line 6 – Total Operating Deductions

The amounts reported in this line are the amounts reported on Line 4 plus Line 5.

Line 7 – Net Operating Gain or (Loss)

The amounts reported in this line are the amounts reported on Line 3 less the amounts reported on Line 6.

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**Exhibit Investment Income - Capital Gains - Nonadmitted Assets**

## EXHIBIT OF NET INVESTMENT INCOME

Include the amount of investment income collected and earned by each type of invested asset. Interest on encumbrances should be deducted by type of invested asset that is encumbered. Investment income should be assessed for collectability. If uncollectible, the amount should be written off and charged against investment income. Refer to *SSAP No. 34—Investment Income Due and Accrued* for accounting guidance.

Include the income from securities that the company no longer owns in the appropriate line of the Exhibit of Net Investment Income.

Report in Column 2 amounts needed to adjust income from a spot rate to a periodic rate. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Column 1 – Collected During Year

Subtract amounts paid for accrued interest on purchases from this amount.

Column 2 – Earned During Year

Earned investment income reported here should be on an accrual basis.

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Report interest earned on bonds.

Include:

Accrual of discount.

Amortization of origination fees intended to compensate the reporting entity for interest rate risks (e.g., points).

Amortization of commitment fees (if such qualify for amortization).

Prepayment penalty or acceleration fees where the investment is liquidated prior to the scheduled termination date on mortgage-backed/loan-backed and structured securities.

Commitment fees, if the loan or bond is not granted or if the commitment is not exercised.

Nonrefundable fees other than points.

Exclude:

Interest due and accrued on bonds in default as to principal or interest. The market value of such bonds includes such interest.

Deduct:

Amortization of premium during the year.

Line 1.1 – Bonds Exempt from U.S. Tax

**This line is applicable to Property/Casualty entities only.**

Lines 2.1, 2.11, 2.2 and 2.21 – Stocks

Include: Accrual of discount for redeemable preferred stocks.

Dividends on stocks declared to be ex-dividend on or prior to December 31.

Deduct: Amortization of premium for redeemable preferred stocks.

Line 3 – Mortgage Loans

Refer to *SSAP No. 34—Investment Income Due and Accrued* for accounting guidance.

Include: Income from property for which the transfer of legal title is awaiting expiration of redemption or moratorium period.

Accrual of discount.

Amortization of mortgage interest points.

Amortization of commitment fees (if such qualify for amortization under *SSAP No. 37—Mortgage Loans*).

Prepayment penalty or acceleration fee.

Commitment fees, if the loan or bond is not granted or if the commitment is not exercised.

Nonrefundable fees other than points.

Deduct: Outgo on such property, unless capitalized or shown in:

Exhibits 2 or 3 for **life and fraternal companies**

Underwriting and Investment Exhibit, Part 3 for **property and health companies**

Operations and Investment Exhibit, Part 3 for **title companies**

Servicing fees paid to correspondents and others unless included in:

Exhibit 2 for **life and fraternal companies**

Underwriting and Investment Exhibit, Part 3 for **property and health companies**

Operations and Investment Exhibit, Part 3 for **title companies**

Amortization of premium.

Line 4 – Real Estate

Include: Income from ownership of Schedule A properties.

Adequate rent for the reporting entity's occupancy, in whole or in part, of its own buildings, and for space therein occupied by agencies.

Exclude: Reimbursements of amounts previously capitalized; such amounts should normally be credited to the item to which the expenditure was charged originally.

Deduct: Interest on encumbrances.

Line 6 – Cash, Cash Equivalents and Short-term Investments

Include: Earned investment income on investments for which maturities (or repurchase dates) at the time of acquisition were one year or less.

Line 7 – Derivative Instruments

Include: Amount of investment income from Schedule DB.

Line 8 – Other Invested Assets

Include: Earned investment income, for any class of investments includable in Schedule BA.

Line 9 – Aggregate Write-ins for Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Investment Income.

Line 13 – Interest Expense

Include: All interest on debt, surplus notes and other related items.

Debt issuance costs that must be charged in the period incurred.

Subsequent to the issuance of convertible debt securities, consideration issued to induce conversion of convertible debt.

Exclude: Interest on encumbrances on real estate.

Interest on debt that is offset against another asset.

Capitalized interest on debt.

Line 14 – Depreciation on Real Estate and Other Invested Assets

Include: Depreciation reported in Schedule A, Part 1, Column 11 and Schedule A, Part 3, Column 9.

Line 15 – Aggregate Write-ins for Deductions from Investment Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income.

Details of Write-ins Aggregated at Line 9 for Investment Income

List separately each category of investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Amortization for the period of the difference between original proceeds received and the strike price obligation for asset transfers with put options accounted for as financing. Also include an amount equal to the hypothecated income for these transactions reported in Column 1. Any paid interest items included in this line should be enclosed in parentheses.

Investment fees relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

Fees received by the transferor for the loaning of securities, net of direct expenses. (NOTE: Interest income on loaned securities that is unrelated to securities lending is reported in the annual statement categories and exhibits that are consistent with the income earned on similar investment categories, e.g., bonds.)

Amortization of servicing assets or liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

Details of Write-ins Aggregated at Line 15 for Deductions from Investment Income

List separately each category of deductions from investment income for which there is no pre-printed line in the Exhibit of Net Investment Income.

Include: Accrued interest on borrowed money, with appropriate designation. Report investment income credited to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

Gains and losses may be offset against each other only where they apply to the same bond issue, property, etc. Only gains/losses pertaining to invested assets are to be included in this exhibit. Amounts in this exhibit shall be presented before federal and foreign income taxes.

Column 1 – Realized Gain (Loss) on Sales or Maturity

Exclude: Realized foreign exchange gain or loss.

Column 2 – Other Realized Adjustments

Include: Other-than-temporary impairment write-downs as negative amounts.

Realized foreign exchange gain or loss.

Column 4 – Change in Unrealized Capital Gain (Loss)

Include: Any unrealized valuation changes reported in the investment schedules.

The change in any valuation allowance between the current period and previous year-end amount.

Exclude: Other-than-temporary impairment write-downs.

Amounts reported in the Unrealized Foreign Exchange Change in Book/Adjusted Carrying Value column in the detailed investment schedules.

Column 5 – Change in Unrealized Foreign Exchange Capital Gain (Loss)

Include: Amounts reported in the foreign exchange change in book/adjusted carrying value column in the detailed investment schedules.

Lines 1, 1.1, 1.2 and 1.3 – Bonds

Include: Amounts from Schedule D, Part 1 and Part 4 that represent either realized or unrealized adjustments on bonds.

In Column 2, the decline in the fair value of a bond that is other-than-temporary.

Line 1.1 – Bonds Exempt from U.S. Tax

**Applicable to Property/Casualty entities only.**

Lines 2.1, 2.11, 2.2, and 2.21 – Stocks

Include: Amounts from Schedule D, Part 2 and Part 4 that represent either realized or unrealized adjustments on stocks.

Exclude: Proceeds from sale of rights, etc. (Reduce the stock asset accordingly.)

Line 3 – Mortgage Loans

Include: Amounts from Schedule B that represent either realized or unrealized adjustments.

Amounts from Schedule B that represent adjustments to statement value for recognizing an impairment of a mortgage loan by creating a valuation allowance or by adjusting an existing valuation allowance for an impaired loan.

Line 4 – Real Estate

Include: Amounts from Schedule A that represent either realized or unrealized adjustments.

Line 5 – Contract Loans

Include: Any realized or unrealized adjustments on contract loans.

Line 6 – Cash, Cash Equivalents and Short-term Investments

Include: Gains or (losses) arising from the transfer of funds to or from other countries. Also include in Column 4, the net change in deduction for deposits in suspended depositories.

Line 7 – Derivative Instruments

Include: Amounts from Schedule DB that represent either realized or unrealized adjustments.

Line 8 – Other Invested Assets

Include: Amounts from Schedule BA that represent either realized or unrealized adjustments.

Line 9 – Aggregate Write-ins for Capital Gains (Losses)

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 9 for Capital Gains and (Losses).

Line 10 – Total Capital Gains (Losses)

Column 3 total should agree with reported net realized capital gains (losses) before the tax effects.

Column 3, Line 10 should equal:

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the PC statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount #1 + Page 28 IMR, Line 2, Col 1 + Page 28 IMR, Line 2, inset amount #2 for the Life and Fraternal statement]

[Page 4, Line 26, Col 2 + Page 4, Line 26 inset amount for the Health statement]

[Page 4, Line 10, Col 1 + Page 4, Line 10 inset amount for the Title statement]

Column 4 total should agree with the change in unrealized capital gains or (losses) before taxes.

Column 4, Line 10 should equal:

[Page 4, Line 24, Col 1 + Page 4, Line 24, inset amount for the PC statement]

[Page 4, Line 38, Col 1 + Page 4, Line 38, inset amount for the Life and Fraternal statement]

[Page 5, Line 36, Col 1, + Page 5, Line 36, inset amount for the Health statement]

[Page 4, Line 18, Col 1 + Page 4, Line 18, inset amount for the Title statement]

Details of Write-ins Aggregated at Line 9 for Capital Gains (Losses)

List separately each category of capital gains (losses) for which there is no pre-printed line in the Exhibit of Capital Gains (Losses).

Include: Capital gains from investments previously charged off.

For Clearly Defined Hedging Strategies qualifying for and applying the provisions of SSAP No. 108 include total current year amortization of SSAP No. 108 deferred liabilities and deferred assets as realized capital gains (losses).

For hedging strategies no longer identified as highly effective within the scope of SSAP No. 108 or which the reporting entity has elected to terminate include total current year amortization of deferred liabilities and deferred assets as unrealized capital gains (losses).

Exclude: Capital gains and losses on extinguishment of debt related to employee stock option plans.

## EXHIBIT OF NONADMITTED ASSETS

This schedule should include the nonadmitted (both group and individual) amounts for both invested assets and other-than-invested assets.

The lines in this schedule are identical to those included in the Assets Page. The Column 1 amount should equal the amount reported in the same specific line in the Nonadmitted Assets column of the Assets Page (Page 2, Column 2, Line 28).

Column 1 – Current Year Total Nonadmitted Assets

Include:

Nonadmitted goodwill as prescribed in *SSAP No. 68—Business Combinations and Goodwill*.

Nonadmitted invested assets due to state aggregate investment limitations.

Nonadmitted amounts due to specific surplus notes.

Nonadmitted invested asset amounts due to designation restrictions by the state (e.g., designation 6 securities must be partially or wholly nonadmitted).

Non-operating systems software.

Electronic data processing (EDP) equipment and operating software in excess of 3% of capital and surplus for the most recently filed statement adjusted to exclude any EDP equipment and operating system software, net deferred tax assets and net positive goodwill.

Prepaid expense (*SSAP No. 29—Prepaid Expenses*).

Column 2 – Prior Year Total Nonadmitted Assets

This column should contain the total (sum of group and individual) nonadmitted amounts from the prior year annual statement.

Column 3 – Change in Total Nonadmitted Assets

This column should equal Column 2 minus Column 1. The amount reported in the total line of this column should equal the amount reported in the "Change in Nonadmitted Assets" line of the Capital and Surplus Account calculation.

# TITLE

| Note # | Description | Page # |
|---|---|---|

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## NOTES TO FINANCIAL STATEMENTS

**Notes to the Annual Statement are to be filed on March 1.**

These instructions include guidance for the annual statement. These instructions provide specific examples that illustrate the disclosures required by the *Accounting Practices and Procedures Manual* and depict the application of certain Statements of Statutory Accounting Principles (SSAP). UNLESS OTHERWISE INDICATED, the format and level of detail in the illustrations are not requirements. The NAIC encourages a format that provides the information in the most understandable manner in the specific circumstances. Entities are not required to display the disclosure information contained herein in the specific manner illustrated, except where indicated in the illustrations provided for specific notes.

To facilitate comparison to the electronic notes database, the following data-captured disclosures should be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration. When the disclosure for a particular illustration is not applicable or the reporting entity has nothing to report, the reporting entity is not required to present the disclosure in the illustrated format with zero amounts except for the reconciliation table illustrated in Note 1A, which must be provided regardless of whether the reporting entity has any state prescribed or permitted practices. It will still be acceptable to indicate "none" or "not applicable" for the whole disclosure or specific parts of the disclosure, as appropriate, as long as the numbering format of the disclosure is preserved. Following the presentation of the illustration is not meant to preclude reporting entities from providing additional clarification before or after the illustration to enable users to better understand the disclosure.

| Note # | Parts to be presented in whole dollars in the same format and level of detail in the specific manner shown in the illustration. |
|---|---|
| 1 | 1A(1) through 1A(8) |
| 3 | 3A |
| 4 | 4A(1), 4A(3) and 4A(4) |
| 5 | 5A(3) through 5A(8), 5B(1) through 5B(3), 5D(2) through 5D(4), 5E(3)a, 5E(3)b, 5E(5)a, 5E(7), 5F(2), 5F(3), 5F(5) through 5F(11), 5G(2), 5G(3), 5G(5) through 5G(10), 5H(2), 5H(3), 5H(5) through 5H(9), 5I(2), 5I(3), 5I(5) through 5I(8), 5L, 5M(1), 5M(2), 5N, 5O, 5P and 5Q |
| 8 | 8A(8) and 8B(2) through 8B(4) |
| 9 | 9A1, 9A2, 9A3, 9A4, 9C and 9I |
| 10 | 10C, 10M, 10N(2) and 10O |
| 11 | 11B(2) through 11B(4) |
| 12 | 12A(1) through 12A(7) , 12A(10) and 12C(1) |
| 13 | 13K and 13L NOTE: Applies to the table only and does not apply to narratives of these disclosures. |
| 14 | 14A(2), 14A(3), 14B(2) and 14D |
| 15 | 15A(2)a, 15B(1)c, 15B(2)b and 15B(2)c |
| 16 | 16(1) |
| 17 | 17C(2) |
| 20 | 20A(1), 20A(2), 20C and 20D |
| 21 | 21E(1), 21E(4), 21F(2) through 21F(4), 21G and 21H |
| 23 | 23B through 23G, 23H(1)a and 23H(2)a |
| 27 | All |

The following disclosures are applicable to the annual statement filed March 1. In the annual statement filed on March 1, a) a disclosure or response must be provided for every item (indicate "none" or "not applicable" if appropriate), and b) the reporting entity must not alter the number scheme of the notes. Notes are to be presented in numerical order including those notes that will be noted as "none." Users should note the NAIC would utilize Note 21, Other Items, to include information required by recently adopted SSAPs.

**1. Summary of Significant Accounting Policies and Going Concern**

Instruction:

Refer to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* for accounting guidance regarding disclosure requirements. The major disclosure requirements are as follows:

A. This note **(including a table reconciling income and surplus between the state basis and SAP basis)** is required to be completed, even if there are no prescribed practices or permitted practices to report.

Indicate that the statement has been completed in accordance with the *Accounting Practices and Procedures Manual*. If a reporting entity employs accounting practices that depart from the *Accounting Practices and Procedures Manual,* including different practices required by state law, disclose the following information about those accounting practices.

Include:

- A description of the accounting practice;
- A statement that the accounting practice differs from NAIC statutory accounting practices and procedures (NAIC SAP) identifying whether the practice is a departure from NAIC SAP or from a state prescribed practice and include the financial statement reporting lines predominantly impacted by the permitted or prescribed practice. (Although most practices impact net income or surplus, direct reference to those lines should be avoided. The intent is to capture the financial statement lines reflecting the practice which ultimately impacts net income or statutory surplus.);
- The monetary effect on net income and statutory surplus of using an accounting practice that differs from NAIC statutory accounting practices and procedures; and
- If an insurance enterprise's risk-based capital would have triggered a regulatory event had it not used a prescribed or permitted practice, that fact should be disclosed in the financial statements.

In addition, disclose the following information about accounting practices when NAIC statutory accounting practices and procedures do not address the accounting for the transaction:

- A description of the transaction and of the accounting practice used; and
- A statement that the NAIC statutory accounting practices and procedures do not address the accounting for the transaction.

A table reconciling income and surplus between the state basis and NAIC SAP basis for the current reporting period and the prior year-end shall be provided. The reconciliation table is required even if the reporting entity does not have any permitted or prescribed practices to report.

The reconciliation shall include:

Brief description of the prescribed or permitted practice;

SSAP # Enter the SSAP numbers to which the permitted or prescribed practice primarily pertains.

For example, use "43R" for SSAP No. 43R or "19" for SSAP No. 19. If multiple SSAPs are needed for the prescribed or permitted practice, separate with a comma (19,43R).

For permitted practices from state regulations, use "00".

If multiple SSAPs are needed for the prescribed or permitted practice, separate with a comma (19,43R,00).

Financial statement pages (F/S pages) primarily impacted by the permitted or prescribed practice.

Only the following pages should be referenced.

2 – Assets

3 – Liabilities, Surplus and Other Funds

4 – Statement of Income

5 – Cash Flow

Use "N/A" for permitted or prescribed practices that do not impact the financial statements pages above.

If multiple pages are needed for the prescribed or permitted practice, separate with a comma (3,4).

Financial statement reporting lines (F/S lines) of the key financial statement page primarily impacted by the permitted or prescribed practice.

(References to the financial statement reporting line for net income or statutory surplus should be avoided. The intent is to capture the financial statement line reflecting the practice which ultimately impacts net income or statutory surplus.)

If "N/A" was used for the F/S page, use "N/A" for the F/S line.

If multiple lines are needed for the prescribed or permitted practice, separate with a comma (2.1,8).

Below are examples of permitted and prescribed practices the reporting entity may or may not be using which could be disclosed. The reporting entity may have others not shown below.

Differences in the accounting and reporting of:

- Goodwill
- Admission of Fixed Assets
- Value of Home Office Property

**NOTE: Amounts reported in other notes to the financial statements shall reference Note 1 if impacted by prescribed or permitted practices. The following is an example of inserting a statement within applicable notes:**

**Example Illustration: Note 3. Business Combinations and Goodwill**

Illustration:

A. Statutory Purchase Method

The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells workers' compensation products exclusively.

The transaction was accounted for as a statutory purchase and reflects the following:

| 1<br>Purchased entity | 2<br>Acquisition date | 3<br>Cost of acquired entity | 4<br>Original amount of admitted goodwill | 5<br>Admitted goodwill as of the reporting date | 6<br>Amount of goodwill amortized during the reporting period | 7<br>Admitted goodwill as a % of SCA BACV, gross of admitted goodwill |
|---|---|---|---|---|---|---|
| ........................ | ............ | $ ............ | $ ............ | $ ............ | $ ............ | ............% |
| ........................ | ............ | $ ............ | $ ............ | $ ............ | $ ............ | ............% |
| ........................ | ............ | $ ............ | $ ............ | $ ............ | $ ............ | ............% |
| ........................ | ............ | $ ............ | $ ............ | $ ............ | $ ............ | ............% |

* For Columns 5 and 6, these amounts reflect prescribed or permitted practices that depart from the *NAIC Accounting Practices and Procedures Manual,* See Note 1, Summary of Significant Accounting Policies for additional information.

B. Include an explanation that the preparation of financial statements is in conformity with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* requires the use of management's estimates.

C. Disclose all accounting policies that materially affect the assets, liabilities, capital and surplus or results of operations.

Include:

(1) Basis at which the short-term investments are stated.

(2) Basis at which the bonds, mandatory convertible securities and SVO-Identified investments identified in SSAP No. 26R are stated, and the amortization method.

Amortization method for bonds and mandatory convertible securities, and if elected by the reporting entity, the approach for determining the systematic value for SVO-Identified securities per SSAP No. 26R. If utilizing the systematic value measurement method approach for SVO-Identified investments, the reporting entity must include the following information:

- Whether the reporting entity consistently utilizes the same measurement method for all SVO-Identified investments (e.g., fair value or systematic value). If different measurement methods are used, information on why the reporting entity has elected to use fair value for some SVOIidentified investments and systematic value for others.
- Whether SVO-Identified investments are being reported at a different measurement method from what was used in an earlier current-year interim and/or in a prior annual statement. (For example, if reported at systematic value prior to the sale, and then reacquired and reported at fair value.) This disclosure is required in all interim reporting periods and in the year-end financial statements for the year in which an SVO-Identified investment has been reacquired and reported using a different measurement method from what was previously used for the investment. (This disclosure is required regardless of the length of time between the sale/reacquisition of the investments, but is only required in the year in which the investment is reacquired.)

- Identification of securities still held that no longer qualify for the systematic value method. This should separately identify those securities that are still within scope of SSAP No. 26R and those that are being reported under a different SSAP.

(3) Basis at which the common stocks are stated.

(4) Basis at which the preferred stocks are stated.

(5) Description of the valuation basis of the mortgage loans.

(6) Basis at which the loan-backed securities are stated and the adjustment methodology used for each type of security (prospective or retrospective).

(7) The accounting policies of the reporting entity with respect to investments in subsidiaries, controlled and affiliated entities.

(8) The accounting policies of the reporting entity with respect to investments in joint ventures, partnerships and limited liability companies.

(9) A description of the accounting policy for derivatives.

(10) Whether or not the reporting entity utilizes anticipated investment income as a factor in the premium deficiency calculation.

(11) A summary of management's policies and methodologies for estimating the liabilities for losses and loss/claim adjustment expenses, including discussion of claims for toxic waste cleanup, asbestos-related illnesses or other environmental remediation exposures.

(12) If the capitalization policy and the resultant predefined thresholds changed from the prior period, the reason for the change.

(13) The method used to estimate pharmaceutical rebate receivables.

D. Going Concern

The reporting entity shall provide the following going concern disclosures after management's evaluation of the reporting entity's ability to continue as a going concern and consideration of management's plans to alleviate any substantial doubt about the entity's ability to continue as a going concern.

(1) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is alleviated, the reporting entity shall disclose in the notes to the financial statements the following information:

a. Principal conditions and events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

(2) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is not alleviated, the entity shall include a statement in the notes to the financial statements indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Additionally, the reporting entity shall disclose the information in paragraphs 1D(1)a and 1D(1)b, as well as the management plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

(3) The going concern evaluation and going concern disclosures discussed in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* are required for both interim and annual financial statements. If substantial doubt was determined, and the conditions or events continue to raise substantial doubt about an entity's ability to continue as a going concern in subsequent annual or interim reporting periods, the entity shall continue to provide the disclosures in each subsequent reporting period. In these subsequent periods, the disclosures should become more extensive as additional information becomes available about the relevant conditions or events and about management's plans. The entity shall provide appropriate context and continuity in explaining how conditions or events have changed between reporting periods.

(4) For the period in which substantial doubt no longer exists (before or after consideration of management plans), an entity shall disclose how the relevant conditions or events that raised substantial doubt were resolved.

Illustration:

A. Accounting Practices

The financial statements of XYZ Company are presented on the basis of accounting practices prescribed or permitted by the ABC Insurance Department.

The ABC Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of ABC for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the ABC Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of ABC. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by ABC domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of a reporting entity's capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by ABC domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company, with the explicit permission of the Commissioner of Insurance of the State of ABC, records the value of its home office building at fair value instead of at depreciated cost required by the NAIC SAP. If the home office building were carried at depreciated cost, home office property and statutory surplus would be decreased by $_________ and $_________ as of December 31, 20__ and 20__, respectively. Additionally, net income would be increased by $__________ and $__________ respectively, for the years then ended. Finally, if the Company had not been permitted to record the value of its home office building at fair value, the Company's risk-based capital would have triggered a regulatory event.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of ABC is shown below:

**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.**

**THE RECONCILIATION TABLE BELOW IS REQUIRED REGARDLESS OF WHETHER THE REPORTING ENTITY HAS ANY STATE PRESCRIBED OR PERMITTED PRACTICES.**

| | | SSAP # | F/S Page | F/S Line # | 20____ | 20____ |
|---|---|---|---|---|---|---|
| NET INCOME | | | | | | |
| (1) | ABC Company state basis (Page 4, Line 15, Columns 1 & 2) | XXX | XXX | XXX | $ ............ | $ ............ |
| (2) | State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | | |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| (3) | State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | | |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ | $ |
| (4) | NAIC SAP (1-2-3=4) | XXX | XXX | XXX | $ | $ |
| SURPLUS | | | | | | |
| (5) | ABC Company state basis (Page 3, Line 32, Columns 1 & 2) | XXX | XXX | XXX | | |
| (6) | State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | | |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| (7) | State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | | |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ ............ | $ ............ |
| | ............ | ............ | ............ | ............ | $ | $ |
| (8) | NAIC SAP (5-6-7=8) | XXX | XXX | XXX | $ | $ |

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding entities for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

The company holds three (3) SVO-Identified bond ETFs reported on Schedule D-1. Two of these ETFs are reported at fair value, and the company has made an irrevocable decision to hold one of the ETFs at systematic value. The company has elected to utilize different measurement methods for the SVO-Identified bond ETFs for the following reasons:

The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. On June 1, XX, the company sold all interests in the SVO-Identified bond ETF (entire CUSIP). On October 30, XX, the reporting entity reacquired the SVO-Identified bond ETF (same CUSIP) and did not elect to utilize the systematic value for this SVO-Identified bond ETF. Pursuant to the guidance in SSAP No. 26R, a different measurement method is permitted as the reacquisition occurred 90 days after the sale of the SVO-Identified investment.

The Company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF was no longer included on the SVO listing an SVO-Identified bond ETF. Therefore, this ETF was no longer captured within the scope of SSAP No. 26R and permitted to be reported on Schedule D-1. Pursuant to the statutory accounting guidance, this ETF is now captured within the scope of SSAP No. 30R and is reported at fair value on Schedule D-2-2.

The company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF had an NAIC designation of 3. Pursuant to the guidance in SSAP No. 26R, a non-AVR reporting entity is only permitted to utilize systematic value for SVO-Identified bond ETFs with an NAIC designation of 1 or 2. As this ETF no longer qualifies for systematic value, but is still on the SVO-Identified list, it is captured within scope of SSAP No. 26R, reported on Schedule D-1, but is now reported at fair value.

(3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.

(5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.

(7) The Company carries ABC Non-insurance company at GAAP equity plus the remaining Goodwill balance of $ ______.

(8) The company has minor ownership interests in joint ventures. The company carries these interests based on the underlying audited GAAP equity of the investee.

(9) All derivatives are stated at fair value.

(10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with *SSAP No. 53—Property-Casualty Contract – Premiums*.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

**2. Accounting Changes and Corrections of Errors**

Instruction:

Describe material changes in accounting principles and/or correction of errors. Include:

- A brief description of the change, encompassing a general disclosure of the reason and justification for the change or correction.

- The impact of the change or correction on net income, surplus, total assets and total liabilities for the two years presented in the financial statements (i.e., the balance sheet and statement of income).

- The effect on net income of the current period for a change in estimate that affects several future periods, such as a change in the service lives of depreciable assets or actual assumptions affecting pensions costs. Disclosure of the effect on those income statement amounts is not necessary for estimates made each period in the ordinary course of accounts for items such as uncollectible accounts. However, disclosure is recommended if the effect of a change in the estimate is material.

- Changes in accounting that are changes in reserve valuation basis as described in *SSAP No. 51R—Life Contracts* which have elected phase-in provided for in the Valuation Manual section VM-21, shall also include in the change in accounting disclosures information regarding the application of any phase-in as provided for in SSAP No. 51R.

  Reporting entities shall provide disclosure of the following:

  - ❖ The phase-in period being applied, and the remaining time period of the phase in.
  - ❖ Any adjustments to the phase-in period.
  - ❖ Amount of change in valuation basis phase-in.
  - ❖ The remaining amount to be phased-in.

- When subsequent financial statements are issued containing comparative restated results as a result of the filing of an amended financial statement, the reporting entity shall disclose that the prior period has been restated and the nature and amount of such restatement.

Illustration:

During the current year's financial statement preparation, the Company discovered an error in the compiling and reporting of investment income from an affiliate for the prior year. In the prior year, common stocks (Assets Page, Line ____) and investment income earned from affiliates (included in Statement of Income, Line ____) were understated by $__________. Line ____ on the Assets Page and Line ____ on the Gains and Losses section of the Statement of Income have been adjusted in the current year to correct for this error.

In 2020, the Company elected a phase-in period of three years of a change in reserve valuation basis as described in *SSAP No. 51R—Life Contracts* for its variable annuity reserves. This change in valuation basis, which impacts annuities reserves written from 1981 to 2019 is permitted under the revisions to the Commissioners Annuity Reserve Valuation Method (CARVM) adopted in *Valuation Manual Requirements for Principle-Based Reserves for Variable Annuities (VM-21)*, and Actuarial Guideline 43 CARVM for variable annuities (AG 43). There have been no adjustments to the phase-in period. The amount of phase-in, which has been recognized in unassigned funds is $________. The remaining amount to be phased-in is $________.

## 3. Business Combinations and Goodwill

Instruction:

A. Statutory Purchase Method

For business combinations accounted for under the statutory purchase method, disclose the following for as long as unamortized goodwill is reported as a component of the investment:

- The name and brief description of the acquired entity.
- That the method of accounting is the statutory purchase method.
- Acquisition date, cost of the acquired entity and the original amount of admitted goodwill.
- The amount of amortization of goodwill recorded for the period, the admitted goodwill as of the reporting date and admitted goodwill as a percentage of the SCA's book adjusted carrying value (gross of admitted goodwill).

B. Statutory Merger

For business combinations taking the form of a statutory merger, disclose:

(1) The names and brief description of the combined entities.

(2) Method of accounting, that is, the statutory merger method.

(3) Description of the shares of stock issued in the transaction.

(4) Details of the results of operations of the previously separate entities for the period before the combination is consummated that are included in the current combined net income, including revenue, net income, and other changes in surplus.

(5) A description of any adjustments recorded directly to surplus for any enity that previously did not prepare statutory statements.

C. Impairment Loss

If an impairment loss was recognized, disclose the following in the period of the impairment write-down:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment, and

(2) The amount of the impairment charged to realized capital gains and losses and how fair value was determined.

Illustration:

A. Statutory Purchase Method

The Company purchased 100% interest of XYZ Insurance Company on 6/30/_____. XYZ Insurance Company is licensed in 49 states and sells workers' compensation products exclusively.

**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 THESE ILLUSTRATIONS.**

The transaction was accounted for as a statutory purchase and reflects the following:

| 1<br>Purchased entity | 2<br>Acquisition date | 3<br>Cost of acquired entity | 4<br>Original amount of admitted goodwill | 5<br>Admitted goodwill as of the reporting date | 6<br>Amount of goodwill amortized during the reporting period | 7<br>Admitted goodwill as a % of SCA BACV, gross of admitted goodwill |
|---|---|---|---|---|---|---|
| .................................................................................. | ...................... | $ ......................... | $ ......................... | $ ......................... | $ ......................... | .............% |
| .................................................................................. | ...................... | $ ......................... | $ ......................... | $ ......................... | $ ......................... | .............% |
| .................................................................................. | ...................... | $ ......................... | $ ......................... | $ ......................... | $ ......................... | .............% |
| .................................................................................. | ...................... | $ ......................... | $ ......................... | $ ......................... | $ ......................... | .............% |
| .................................................................................. | ...................... | $ ......................... | $ ......................... | $ ......................... | $ ......................... | .............% |

B. Statutory Merger

(1) The Company merged with ABC Service Company on June 30, ______.

(2) The transaction was accounted for as a statutory merger.

(3) The Company issued _____ voting shares of common stock in exchange for all common stock of ABC Service Company.

(4) Pre merger separate company revenue, net income, and other surplus adjustments for the six months ended 6/30/_____ were $________, $________, $________, respectively for the Company and $________, $_______, $________, respectively for ABC Service Company.

(5) No adjustments were made directly to the surplus of ABC Service Company as a result of the merger.

C. Impairment Loss

The Company did not recognize an impairment loss on the transactions described above.

## 4. Discontinued Operations

Instruction:

A. Discontinued Operation Disposed of or Classified as Held for Sale

The following shall be disclosed in the period in which a discontinued operation either has been disposed of or is classified as held for sale under *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*:

(1) The reporting entity shall assign a unique number for each discontinued operation and provide in a table the unique number assigned with a brief description of the discontinued operation.

NOTE: The unique number assigned for each discontinued operation will be used to identify the discontinued operation when referencing the discontinued operation in other parts of the disclosure.

(2) Description of the facts and circumstances leading to the disposal or expected disposal and a description of the expected manner and timing of that disposal.

(3) The loss recognized on the discontinued operation. The recognized loss shall be reported for the reporting period, and as a cumulative total since classified as held for sale.

(4) The carrying amount immediately prior to the classification as held for sale, and the current fair value less costs to sell, including the balance sheet lines where the item is reported. Also report income received from the discontinued operation prior to the disposal transaction.

B. Change in Plan of Sale of Discontinued Operation

If the entity decides to change its plan of sale for the discontinued operation, disclose a description of the facts and circumstances leading to the decision to change the plan and the effect on the assets reported in the financial statements.

Adjustments to amounts reported related to discontinued operations as a result of:

- The resolution of contingencies that arise pursuant to the terms of the disposal transaction, such as the resolution of purchase price contingencies and indemnification issues with the purchaser.

- The resolution of contingencies that arise from and are directly related to the disposal of a discontinued operation of the component in a period prior to its disposal, such as environmental and product warranty obligations retained by the seller.

- The settlement of employee benefit plan obligations (pension, postemployment benefits other than pensions, and other postemployment benefits), provided the settlement is directly related to the disposal transaction. (A settlement is directly related to the disposal transaction if there is a demonstrated direct cause-and-effect relationship and the settlement occurs no later than one year following the disposal transaction, unless it is delayed by events or circumstances beyond an entity's control.)

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal

If the entity will retain significant continuing involvement with a discontinued operation after the disposal transaction, the entity shall complete the disclosures for the bullet items shown below. Examples of significant continuing involvement include a supply and distribution arrangement, a financial guarantee, an option to repurchase and an equity method investment in the discontinued operation.

- Description of the activities that give rise to the continuing involvement.
- The period of time the involvement is expected to continue.
- The expected cash inflows/outflows as a result of continuing involvement.

D. Equity Interest Retained in the Discontinued Operation After Disposal

If the entity will retain an equity interest in the discontinued operations after the disposal date, disclose the ownership interest before and after the disposal transaction and the entity's share of the income or loss of the investee as of the year-end reporting date after the disposal transaction.

Illustration:

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW EXCLUDING THE NARRATIVE FOR LINE 2. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.**

A. Discontinued Operation Disposed of or Classified as Held for Sale

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

| Discontinued Operation Identifier | Description of Discontinued Operation |
|---|---|
| .................. | ........................................................................................................ |
| .................. | ........................................................................................................ |
| .................. | ........................................................................................................ |
| .................. | ........................................................................................................ |

(2) The Company entered into a definitive agreement dated ____ ____, 20__to sell its Group Health Operations (Identifier XXX) to ABC Company for $______ in cash, subject to various closing adjustments. The net loss from disposal is expected to be $_______. The sale is expected to be completed no later than midyear 20__. The sale is subject to state regulatory approval and other customary conditions. Results of the Discontinued Operations will be included in the Company's Statement of Revenue and Expenses until the closing and be consistently with the company's reporting of continuing operations.

(3) Loss Recognized on Discontinued Operations

| Discontinued Operation Identifier | Amount for Reporting Period | Cumulative Amount Since Classified as Held for Sale |
|---|---|---|
| .......................................... | $ ........................................ | $ ....................................... |
| .......................................... | $ ........................................ | $ ....................................... |
| .......................................... | $ ........................................ | $ ....................................... |
| .......................................... | $ ........................................ | $ ....................................... |

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

| Discontinued Operation Identifier | Carrying Amount Immediately Prior to Classification as Held for Sale | Current Fair Value Less Costs to Sell |
|---|---|---|
| .................................... | $ .................................................... | $ .................................. |
| .................................... | $ .................................................... | $ .................................. |
| .................................... | $ .................................................... | $ .................................. |
| .................................... | $ .................................................... | $ .................................. |

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

| | Discontinued Operation Identifier | Line Number | Line Description | Amount Attributable to Discontinued Operations |
|---|---|---|---|---|
| 1. Assets | | | | |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| 2. Liabilities | | | | |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| 3. Surplus | | | | |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| 4. Income | | | | |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |
| | ................. | ........... | ................................................ | $ ...................... |

## 5. Investments

Instruction:

A. Mortgage Loans, including Mezzanine Real Estate Loans

For mortgage loans, disclose the following information:

(1) The minimum and maximum rates of interest received for new loans made by category.

(2) The maximum percentage of any one loan to the value of security at the time of the loan.

(3) Taxes, assessments and any amounts advanced and not included in mortgage loan total.

(4) Age analysis of mortgage loans and identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage Loan agreement.

An age analysis of mortgage loans, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), capturing:

- Recorded investment of current mortgage loans
- Recorded investment of mortgage loans past due classified as:
  - ❖ 30-59 days past due
  - ❖ 60-89 days past due
  - ❖ 90-179 days past due
  - ❖ 180+ days past due
- Recorded investment of mortgage loans past due still accruing interest:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest accrued for mortgage loans past due:
  - ❖ 90-179 days past due
  - ❖ 180+ past due days
- Interest reduced:
  - ❖ Recorded investment
  - ❖ Number of loans
  - ❖ Percent Reduced (weighted-average % of the aggregated reduced recorded investments).
- Identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement.

(5) Disclose for investment in impaired loans aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine) the following:

- The amount for which there is a related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans.*
- The amount for which there is no related allowance for credit losses determined in accordance with this *SSAP No. 37—Mortgage Loans*.
- The total recorded investment in impaired loans subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan.

(6) For impaired loans disclose the amounts, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), related to the following:

- Average recorded investment
- Interest income recognized
- Recorded investments on nonaccrual status pursuant to *SSAP No. 34—Investment Income Due and Accrued*
- Unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period that the loans were impaired.

(7) For each period for which results of operations are presented, the activity in the allowance for credit losses account, including:

a. The balance in the allowance for credit losses account at the beginning of each period.

b. Additions charged to operations.

c. Direct write-downs charged against the allowance.

d. Recoveries of amounts previously charged off.

e. The balance in the allowance for credit losses account at the end of each period.

(8) For mortgage loans derecognized as a result of foreclosure, provide the following:

a. Aggregate amount of mortgage loans derecognized as a result of foreclosure.

b. Real estate collateral recognized.

c. Other collateral recognized.

d. Receivables recognized from a government guarantee of the foreclosed mortgage loan.

(9) The policy for recognizing interest income on impaired loans, including the method for recording cash receipts.

B. Debt Restructuring

For restructured debt in which the reporting entity is a creditor, disclose the following:

(1) The recorded investment in the loans for which impairment has been recognized in accordance with *SSAP No. 36—Troubled Debt Restructuring*.

(2) The related realized capital loss.

(3) The amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring.

(4) The creditor's income recognition policy for interest income on an impaired loan.

C. Reverse Mortgages

For reverse mortgages, disclose the following:

(1) A description of the reporting entity's accounting policies and methods, including the statistical methods and assumptions used in calculating the reserve.

(2) General information regarding the reporting entity's commitment under the agreement.

(3) The reserve amount that is netted against the asset.

(4) Investment income or loss recognized in the period as a result of the re-estimated cash flows.

D. Loan-Backed Securities

For loan-backed securities, disclose the following:

(1) Descriptions of sources used to determine prepayment assumptions.

(2) All securities within the scope of *SSAP No. 43R—Loan-Backed and Structured Securities* with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

- Intent to sell.
- Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

(3) For each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

- The amortized cost basis, prior to any current-period other-than-temporary impairment.
- The other-than-temporary impairment recognized in earnings as a realized loss.
- The fair value of the security.
- The amortized cost basis after the current-period other-than-temporary impairment.

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value); and

b. The aggregate related fair value of securities with unrealized losses.

The disclosures in (a) and (b) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with *SSAP No. 100R—Fair Value*.

(5) Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) For securities lending transactions, disclose the policy for requiring collateral or other security as required in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* This would also apply to separate accounts.

(2) If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* disclose the carrying amount and classification of both those assets and associated liabilities as of the date of the latest statement of financial position 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, shall be disclosed.

(3) If the entity or its agent has accepted collateral that it is permitted by contract or custom to sell or repledge, disclose the following information by type of program (securities lending or dollar repurchase agreement) as of the date of each statement of financial position:

a. The aggregate amount of contractually obligated open collateral positions (aggregate amount of securities at current fair value or cash received for which the borrower may request the return of on demand) and the aggregate amount of contractually obligated collateral positions under 30-day, 60-day, 90-day, and greater than 90-day terms;

b. The fair value as of the date of each statement of financial position presented of that collateral and of the portion of that collateral that it has sold or repledged; and

c. Information about the sources and uses of that collateral.

(4) For securities lending transactions administered by an affiliated agent in which "one-line" reporting of the reinvested collateral is optional, at the discretion of the reporting entity, disclose the aggregate value of the reinvested collateral which is "one-line" reported and the aggregate reinvested collateral which is reported in the investment schedules. Identify the rationale between the items which are one-line reported and those that are investment schedule reported and if the treatment has changed from the prior period.

(5) The reporting entity shall provide the following information by type of program (securities lending or dollar repurchase agreement) with respect to the reinvestment of the cash collateral and any securities that it or its agent receives as collateral that can be sold or repledged.

a. The aggregate amount of the reinvested cash collateral (amortized cost and fair value). Reinvested cash collateral should be broken down by the maturity date of the invested asset – under 30-day, 60-day, 90-day, 120-day, 180-day, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

b. To the extent that the maturity dates of the liability (collateral to be returned) does not match the invested assets, the reporting entity should explain the additional sources of liquidity to manage those mismatches.

(6) If the entity has accepted collateral that it is not permitted by contract or custom to sell or repledge, provide detail on these transactions, including the terms of the contract, and the current fair value of the collateral.

(7) For all securities lending transactions, disclose collateral for transactions that extend beyond one year from the reporting date.

**NOTE: The paragraph below pertains to completion of the disclosures for repurchase/reverse repurchase accounted for as a sale or secured borrowing in Notes 5F through 5I.**

**Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual and interim reporting periods. For example, if the reporting entity only participated in repurchase transactions accounted for as secured borrowings, only those disclosures shall be included in the financial statement. Those disclosures that are not applicable shall just be noted as "none." (The use of the "sale" accounting method to account for repurchase/reverse repurchase agreements is anticipated to be very limited. Therefore, those disclosures are not anticipated to be applicable to most reporting entities.)**

**The disclosure shall build each quarterly reporting period. This disclosure is required in all reporting periods (interim and annual) for all reporting entities that participate in repurchase or reverse repurchase transactions. A reporting entity that discontinues repurchase/reverse repurchase transactions during the year shall continue the disclosure (showing zero balances) in the reporting periods after discontinuing activity (retaining the quarterly detail that occurred prior to discontinuing the activity) through the annual reporting period. A reporting entity that begins participating in repurchase/reverse repurchase activity shall include the full disclosure in the quarterly reporting period for which activities began (noting zero activity in the quarters prior to engaging in the activity).**

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements, accounted for as secured borrowing transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

To the extent that the maturity dates of the liability (collateral to be returned) do not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The maximum amount and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 11 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

If the reporting entity answers "Yes" for any of the quarters for 5F(2)a or 5F(2)b, then it is expected the detail for the remaining disclosures for 5F below will be provided. If the repo activity has ended at year-end, then at a minimum the maximum amount data would be provided.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate narrative disclosure of fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

(5) Fair value of securities sold in the aggregate, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.)

(6) Fair value of securities sold by type of security and categorized by NAIC designation, with identification of nonadmitted assets. (Book adjusted carrying value shall be provided as an end balance only.) Although legally sold as a secured borrowing, these assets are still reported by the insurer and shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* (SSAP No. 1), reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(7) Cash collateral and the fair value of security collateral (if any) received in the aggregate.

(8) Cash collateral and the fair value of security collateral received by type of security and categorized by NAIC designation with identification of collateral securities received that do not qualify as admitted assets.

(9) For collateral received, aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.

(10) For cash collateral received that has been reinvested, the total reinvested cash and the aggregate amortized cost and fair value of the invested asset acquired with the cash collateral. This disclosure shall be reported by the maturity date of the invested asset: under 30 days, 60 days, 90 days, 120 days, 180 days, less than 1 year, 1-2 years, 2-3 years and greater than 3 years.

(11) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

If the entity has entered into repurchase agreements, accounted for as secured borrowing transactions, disclose the following:

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Include the terms of reverse repurchase agreements whose amounts are included in borrowing money.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

The maximum amount and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7, 9 and 10 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

If the reporting entity answers "Yes" for any of the quarters for 5G(2)a or 5G(2)b, then it is expected the detail for the remaining disclosures for 5G below will be provided. If the repo activity has ended at year-end then at a minimum the maximum amount data would be provided.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate narrative disclosure of fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

(5) Fair value of securities acquired in the aggregate.

(6) Fair value of securities acquired by type of security and categorized by NAIC designation, with identification of whether acquired assets would not qualify as admitted assets.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall identify the book adjusted carrying value of any nonadmitted securities provided as collateral.

(8) For collateral pledged, the aggregate allocation of the collateral by the remaining contractual maturity of the repurchase agreements (gross): overnight and continuous, up to 30 days, 30-90 days and greater than 90 days.

(9) Recognized receivable for the return of collateral. (Generally cash collateral, but including securities provided as collateral as applicable under the terms of the secured borrowing transaction. Receivables are not recognized for securities provided as collateral if those securities are still reported as assets of the reporting entity.)

(10) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

H. Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The maximum amount and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 9 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

If the reporting entity answers “Yes” for any of the quarters for 5H(2)a or 5H(2)b, then it is expected the detail for the remaining disclosures for 5H below will be provided. If the repo activity has ended at year-end, then at a minimum the maximum amount data would be provided.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate narrative disclosure of fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture “failed trades,” which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

(5) Fair value of securities sold (derecognized from the financial statements) in the aggregate, with information on the book adjusted carrying value of nonadmitted assets sold. (Book adjusted carrying value shall be provided as an end balance only reflecting the amount derecognized from the sale transaction.)

(6) Fair value and book adjusted carrying value of securities sold (derecognized from the financial statements) by type of security and categorized by NAIC designation, with identification of nonadmitted assets, with information on the book adjusted carrying value of nonadmitted assets sold.

(7) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements in the aggregate with identification of received assets nonadmitted.

(8) Cash collateral and the fair value of security collateral (if any) received as proceeds and recognized in the financial statements by type of security and categorized by NAIC designation with identification of received assets nonadmitted. All securities received shall be coded as restricted pursuant to the annual statement instructions, disclosed in accordance with SSAP No. 1, reported in the general interrogatories, and included in any other statutory schedules or disclosure requirements requesting information for restricted assets.

(9) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements, accounted for as sale transactions, disclose the following:

(1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The maximum amount and the end balance as of each reporting period (quarterly and annual) should be provided for 3 through 5, 7 and 8 below.

(2) Whether repo agreements are bilateral and/or tri-party trades.

If the reporting entity answers "Yes" for any of the quarters for 5I(2)a or 5I(2)b, then it is expected the detail for the remaining disclosures for 5I below will be provided. If the repo activity has ended at year-end then at a minimum the maximum amount data would be provided.

(3) Maturity time frame divided by the following categories: open or continuous term contracts for which no maturity date is specified, overnight, 2 days to 1 week, from 1 week to 1 month, greater than 1 month to 3 months, greater than 3 months to 1 year, and greater than 1 year.

(4) Aggregate narrative disclosure of fair value of securities sold and/or acquired that resulted in default. (This disclosure is not intended to capture "failed trades," which are defined as instances in which the trade did not occur as a result of an error and was timely corrected. Rather, this shall capture situations in which the non-defaulting party exercised their right to terminate after the defaulting party failed to execute.)

(5) Fair value of securities acquired and recognized on the financial statements in the aggregate. (Book adjusted carrying value shall be provided as an end balance only.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(6) Fair value of securities acquired and recognized on the financial statements by type of security and categorized by NAIC designation. (Book adjusted carrying value shall be provided.) The disclosure also requires the book adjusted carrying value of nonadmitted assets acquired.

(7) Cash collateral and the fair value of security collateral (if any) provided. (If security collateral was provided, book adjusted carrying value shall be provided as an end balance only.) Disclosure shall also identify whether any nonadmitted assets were provided as collateral (derecognized from the financial statements).

(8) The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction.

J. Real Estate

For investments in real estate, disclose the following information:

(1) If an entity recognizes an impairment loss, the entity shall disclose all of the following in financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment;

b. The amount of the impairment loss and how fair value was determined; and

c. The caption in the statement of operations in which the impairment loss is aggregated.

(2) If an entity has sold or classified real estate investments as held for sale, the entity shall disclose the following in the notes to the financial statements covering the period in which the sale was completed or the assets were classified as held for sale:

a. A description of the facts and circumstances leading to the expected disposal, the expected manner and timing of that disposal; and

b. If applicable, the gain or loss recognized and if not separately presented on the face of the summary of operations, the caption in the summary of operations that includes that gain or loss.

(3) If an entity has experienced changes to a plan of sale for an investment in real estate, the entity shall disclose a description of the facts and circumstances leading to the decision to change the plan to sell the asset including the period the decision was made; and its effect on the results of operations for the period and any prior periods presented.

(4) If an entity engages in retail land sales operations, the entity shall disclose the following:

a. Maturities of accounts receivables for each of the five years following the date of the financial statements;

b. Delinquent accounts receivable and the method(s) for determining delinquency;

c. The weighted average and range of stated interest rate of receivables;

d. Estimated total costs and estimated dates of expenditures for improvement for major areas from which sales are being made over each year of the five years following the date of the financial statements; and

e. Recorded obligations for improvements.

(5) If an entity holds real estate investments with participating mortgage loan features, the entity should disclose the following:

a. Aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts; and

b. Terms of participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both.

K. Low-Income Housing Tax Credits (LIHTC)

For investments in low-income housing tax credits (LIHTC), disclose the following:

(1) The number of remaining years of unexpired tax credits and the required holding period for the LIHTC investments.

(2) The amount of LIHTC and other tax benefits recognized during the years presented.

(3) The balance of the investment recognized in the statement of financial position for the reporting period(s) presented.

(4) If the LIHTC property is currently subject to any regulatory reviews and the status of such review (e.g., investigations by the housing authority).

(5) The significance of an investment to the reporting entity's financial position and results of operations shall be considered in evaluating the extent of disclosures of the financial position and results of operations of an investment in an LIHTC. If in the aggregate the LIHTC investments exceed 10% of the total admitted assets of the reporting entity, the following disclosures shall be made.

a. (1) The name of each partnership or limited liability entity and percentage of ownership; (2) the accounting policies of the reporting entity with respect to investments in partnerships and limited liability entities; (3) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets (i.e., nonadmitted goodwill or other nonadmitted assets); and (4) the accounting treatment of the difference.

b. For partnerships and limited liability entities for which a quoted fair value is available, the aggregate value of each partnership, or limited liability entity investment based on the quoted fair value.

c. Summarized information as to assets, liabilities, and results of operations for partnerships, and limited liability entities either individually or in groups.

(6) A reporting entity that recognizes an impairment loss shall disclose the following in the financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment.

b. The amount of the impairment and how fair value was determined.

(7) The amount and nature of the write-downs or reclassifications made during the year resulting from the forfeiture or ineligibility of tax credits, etc. These write-downs may be based on actual property-level foreclosure, loss of qualification due to occupancy levels, compliance issues with tax code provisions within an LIHTC investment or other issues.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Disclose the total gross (admitted and nonadmitted) amount of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.) by the reporting entity. Provide the total gross amount of restricted assets (current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) by the following categories:

a. Subject to contractual obligation for which liability is not shown

b. Collateral held under security lending agreements

c. Subject to repurchase agreements

d. Subject to reverse repurchase agreements

e. Subject to dollar repurchase agreements

f. Subject to dollar reverse repurchase agreements

g. Placed under option contracts

h. Letter stock or securities restricted as to sale – excluding FHLB capital stock

i FHLB capital stock

j. On deposit with states

k. On deposit with other regulatory bodies

l. Pledged collateral to FHLB (including assets backing funding agreements)

m. Pledged as collateral not captured in other categories

n. Other restricted assets

o. Total restricted assets

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

For assets pledged as collateral not captured in other categories reported in aggregate in Note 5L(1) above, provide the total gross (admitted and nonadmitted) amount of restricted assets (current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted, respectively) with a narrative summary of each collateral agreement included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Pledged as Collateral Not Captured in Other Categories" for 5L(1) above.)

(3) Detail of Other Restricted Assets

For other restricted assets reported in aggregate in Note 5L(1) above, provide the total gross (admitted and nonadmitted) amount of restricted assets (current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 28 of the asset page (gross and admitted respectively) with a description of each of the other restricted assets included in the aggregate number in Note 5L(1) above. Contracts that share similar characteristics, such as reinsurance and derivatives, are to be reported in the aggregate. (Note: This would be the detail for what was reported as "Other Restricted Assets" for 5L(1) above.)

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Disclose the following for the general account:

- Nature of any assets received as collateral reflected as assets within the reporting entity's financial statements

- Book/adjusted carrying value (BACV) of the collateral

- Fair value of the collateral

- The recognized liability to return these collateral assets

- The percentage the collateral asset BACV amount (gross and admitted) is of the reporting entity's total assets amount reported on Line 26 of the asset page (gross and admitted, respectively).

NOTE: The information captured within this disclosure is intended to aggregate the information reported in the Annual Statement Investment Schedules in accordance with the coding of investments that are not under the exclusive control of the reporting entity, including assets loaned to others, and the information reported in the General Interrogatories.

M. Working Capital Finance Investments

(1) Disclose the following in aggregate regarding the book/adjusted carrying value of working capital finance investments (WCFI) by NAIC designation:

- Gross assets amounts
- Nonadmitted assets amounts
- Net admitted assets amounts

**NOTE: Programs designated 3 through 6 are nonadmitted.**

(2) Disclose the aggregate book/adjusted carrying value maturity distribution on the underlying Working Capital Finance Programs by the following categories: maturities up to 180 days and 181 days to 365 days.

(3) Disclose any events of default of working capital finance investments during the reporting period.

N. Offsetting and Netting of Assets and Liabilities

The following quantitative information shall be disclosed (separately for assets and liabilities) when derivative, repurchase and reverse repurchase, and securities borrowing and securities lending assets and liabilities are offset and reported net in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*:

- The gross amounts of recognized assets and recognized liabilities;
- The amounts offset in accordance with a valid right to offset per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*; and
- The net amounts presented in the statement of financial positions.

Assets and liabilities that have a valid right to offset, but are not netted as they are prohibited under *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* are not required to be captured in the disclosures.

O. 5GI Securities

For each annual reporting period, a comparable disclosure to the prior annual reporting period of the number of 5GI securities, by investment type, and the book adjusted carrying value and fair value for those securities.

P. Short Sales

For reporting entities that have sold securities short within the reporting period, provide the following disclosures:

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

For Unsettled Short Sale Transactions (outstanding at reporting date) – The amount of proceeds received and the fair value of the securities to deliver, with current unrealized gains and/or losses, and the expected settlement timeframe (# of days). This disclosure shall include the fair value of current transactions that were not settled within three days and the fair value of the short sales expected to be satisfied by a securities borrowing transaction. This disclosure shall be aggregated by security type. (For example, short sales of common stock shall be aggregated and reported together.)

(2) Settled Short Sale Transactions

For Settled Short Sale Transactions (settled during the reporting period) – The aggregate amount of proceeds received and the fair value of the security as of the settlement date with recognized gains and/or losses. This disclosure shall identify the aggregated fair value of settled transactions that were not settled within three days and the fair value of transactions that were settled through a securities borrowing transaction.

Q. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee.

Illustration

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for mortgage loans during 20__ were:

Farm loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%.

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: ______%

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 3 THROUGH 8) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.**

| | | Current Year | Prior Year |
|---|---|---|---|
| (3) | Taxes, assessments and any amounts advanced and not included in the mortgage loan total: | $ ____________ | $ ____________ |

(4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in Which the Insurer is a Participant or Co-lender in a Mortgage Loan Agreement:

| | | Residential | | Commercial | | | |
|---|---|---|---|---|---|---|---|
| | Farm | Insured | All Other | Insured | All Other | Mezzanine | Total |
| a. Current Year | | | | | | | |
| 1. Recorded Investment (All) | | | | | | | |
| (a) Current | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) 30-59 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (c) 60-89 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (d) 90-179 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (e) 180+ Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 2. Accruing Interest 90-179 Days Past Due | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Interest Accrued | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 3. Accruing Interest 180+ Days Past Due | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Interest Accrued | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 4. Interest Reduced | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Number of Loans | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (c) Percent Reduced | .........% | .........% | .........% | .........% | .........% | .........% | .........% |
| 5. Participant or Co-lender in a Mortgage Loan Agreement | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| b. Prior Year | | | | | | | |
| 1. Recorded Investment | | | | | | | |
| (a) Current | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) 30-59 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (c) 60-89 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (d) 90-179 Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (e) 180+ Days Past Due | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 2. Accruing Interest 90-179 Days Past Due | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Interest Accrued | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 3. Accruing Interest 180+ Days Past Due | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Interest Accrued | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| 4. Interest Reduced | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |
| (b) Number of Loans | ............. | ............. | ............. | ............. | ............. | ............. | ............. |
| (c) Percent Reduced | .........% | .........% | .........% | .........% | .........% | .........% | .........% |
| 5. Participant or Co-lender in a Mortgage Loan Agreement | | | | | | | |
| (a) Recorded Investment | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. | $ ............. |

(5) Investment in Impaired Loans With or Without Allowance for Credit Losses and Impaired Loans Subject to a Participant or Co-lender Mortgage Loan Agreement for Which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:

| | | Residential | | Commercial | | | |
|---|---|---|---|---|---|---|---|
| | Farm | Insured | All Other | Insured | All Other | Mezzanine | Total |
| a. Current Year | | | | | | | |
| 1. With Allowance for Credit Losses | $ ............. | $ ............. | $ .............. | $ ............. | $ ............. | $ .............. | $ ............. |
| 2. No Allowance for Credit Losses | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 3. Total (1+2) | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| b. Prior Year | | | | | | | |
| 1. With Allowance for Credit Losses | $ ............. | $ ............. | $ .............. | $ ............. | $ ............. | $ .............. | $ ............. |
| 2. No Allowance for Credit Losses | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 3. Total (1+2) | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan | ............. | ............. | .............. | ............. | ............. | .............. | ............. |

(6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

| | | Residential | | Commercial | | | |
|---|---|---|---|---|---|---|---|
| | Farm | Insured | All Other | Insured | All Other | Mezzanine | Total |
| a. Current Year | | | | | | | |
| 1. Average Recorded Investment | $ ............. | $ ............. | $ .............. | $ ............. | $ ............. | $ .............. | $ ............. |
| 2. Interest Income Recognized | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 3. Recorded Investments on Nonaccrual Status | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| b. Prior Year | | | | | | | |
| 1. Average Recorded Investment | $ ............ | $ ............ | $ ............ | $ ........... | $ ............ | $ ............ | $ ............ |
| 2. Interest Income Recognized | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 3. Recorded Investments on Nonaccrual Status | ............. | ............. | .............. | ............. | ............. | .............. | ............. |
| 4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting | ............. | ............. | .............. | ............. | ............. | .............. | ............. |

(7) Allowance for Credit Losses:

| | Current Year | Prior Year |
|---|---|---|
| a. Balance at beginning of period | $ ____________ | $ ____________ |
| b. Additions charged to operations | $ ____________ | $ ____________ |
| c. Direct write-downs charged against the allowances | $ ____________ | $ ____________ |
| d. Recoveries of amounts previously charged off | $ ____________ | $ ____________ |
| e. Balance at end of period | $ ____________ | $ ____________ |

(8) Mortgage Loans Derecognized as a Result of Foreclosure:

| | Current Year |
|---|---|
| a. Aggregate amount of mortgage loans derecognized | $ ____________ |
| b. Real estate collateral recognized | $ ____________ |
| c. Other collateral recognized | $ ____________ |
| d. Receivables recognized from a government guarantee of the foreclosed mortgage loan | $ ____________ |

(9) The company recognizes interest income on its impaired loans upon receipt.

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

B. Debt Restructuring

| | | Current Year | Prior Year |
|---|---|---|---|
| (1) | The total recorded investment in restructured loans, as of year end | $ ____________ | $ ____________ |
| (2) | The realized capital losses related to these loans | $ ____________ | $ ____________ |
| (3) | Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings | $ ____________ | $ ____________ |

(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

(1) The company accounts for its investment in reverse mortgages in accordance with *SSAP No. 39—Reverse Mortgages* that requires the individual reverse mortgages to be combined into groups for purposes of providing an actuarially and statistically credible basis for estimating life expectancy to project future cash flows. The Company included actuarial estimates of contract terminations using mortality tables published by the Office of the Actuary of the United States Bureau of Census adjusted for expected prepayments and relocations and changes in the collateral value of the residence.

(2) Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the borrower relocates, prepays or sells the home, at which time the loan becomes due and payable. Since the reverse mortgages are non recourse obligations, the loan repayments are generally limited to the sale proceeds of the borrower's residence, and the mortgage balance consists of cash advanced and interest compounded over the life of the loan and a premium that represents a portion of the shared appreciation in the home's value, if any.

(3) At December 31, 20______, the actuarial reserve of $_____ reduced the asset value of the group of reverse mortgages.

(4) The Company recorded an unrealized loss of $______ as a result of the re-estimate of the cash flows.

D. Loan-Backed Securities

(1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.

**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)

| | (1) Amortized Cost Basis Before Other-than-Temporary Impairment | (2) Other-than-Temporary Impairment Recognized in Loss | (3) Fair Value 1 – 2 |
|---|---|---|---|
| OTTI recognized 1st Quarter | | | |
| a. Intent to sell | $ ________ | $ ________ | $ ________ |
| b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | $ ________ | $ ________ | $ ________ |
| c. Total 1st Quarter | $ ________ | $ ________ | $ ________ |
| OTTI recognized 2nd Quarter | | | |
| d. Intent to sell | $ ________ | $ ________ | $ ________ |
| e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | $ ________ | $ ________ | $ ________ |
| f. Total 2nd Quarter | $ ________ | $ ________ | $ ________ |
| OTTI recognized 3rd Quarter | | | |
| g. Intent to sell | $ ________ | $ ________ | $ ________ |
| h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | $ ________ | $ ________ | $ ________ |
| i. Total 3rd Quarter | $ ________ | $ ________ | $ ________ |
| OTTI recognized 4th Quarter | | | |
| j. Intent to sell | $ ________ | $ ________ | $ ________ |
| k Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | $ ________ | $ ________ | $ ________ |
| l. Total 4th Quarter | $ ________ | $ ________ | $ ________ |
| m. Annual Aggregate 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.**

(3)

| 1<br>CUSIP | 2<br>Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI | 3<br>Present Value of Projected Cash Flows | 4<br>Recognized Other-Than-Temporary Impairment | 5<br>Amortized Cost After Other-Than-Temporary Impairment | 6<br>Fair Value at time of OTTI | 7<br>Date of Financial Statement Where Reported |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| Total | XXX | XXX | $ | XXX | XXX | XXX |

NOTE: Each CUSIP should be listed separately each time an OTTI is recognized.

For Securities with amortized cost or adjusted amortized cost:

Column 2 minus Column 3 should equal Column 4

Column 2 minus Column 4 should equal Column 5

**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.)**

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months $_________
2. 12 Months or Longer $_________

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) From Lending Activities. For securities lending agreements, the Company requires a minimum of 102% and 105% of the fair value of the domestic and foreign securities loaned at the outset of the contract as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in Collateral From Lending Activities. The fair value of the collateral is $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) Collateral Received

a. Aggregate Amount Collateral Received

| | | | Fair Value |
|---|---|---|---|
| 1. Securities Lending | | | |
| (a) | Open | $ | ________ |
| (b) | 30 Days or Less | | ________ |
| (c) | 31 to 60 Days | | ________ |
| (d) | 61 to 90 Days | | ________ |
| (e) | Greater Than 90 Days | | ________ |
| (f) | Sub-Total | $ | ________ |
| (g) | Securities Received | | ________ |
| (h) | Total Collateral Received | $ | ________ |
| 2. Dollar Repurchase Agreement | | | |
| (a) | Open | $ | ________ |
| (b) | 30 Days or Less | | ________ |
| (c) | 31 to 60 Days | | ________ |
| (d) | 61 to 90 Days | | ________ |
| (e) | Greater Than 90 Days | | ________ |
| (f) | Sub-Total | $ | ________ |
| (g) | Securities Received | | ________ |
| (h) | Total Collateral Received | $ | ________ |

b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged $ ________

c. The reporting entity receives primarily cash collateral in an amount in excess of the fair value of the securities lent. The reporting entity reinvests the cash collateral into higher-yielding securities than the securities which the reporting entity has lent to other entities under the arrangement.

**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.)**

(5) Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

| | | | Amortized Cost | | Fair Value |
|---|---|---|---|---|---|
| 1. Securities Lending | | | | | |
| (a) | Open | $ | ___________ | $ | ___________ |
| (b) | 30 Days or Less | | ___________ | | ___________ |
| (c) | 31 to 60 Days | | ___________ | | ___________ |
| (d) | 61 to 90 Days | | ___________ | | ___________ |
| (e) | 91 to 120 Days | | ___________ | | ___________ |
| (f) | 121 to 180 Days | | ___________ | | ___________ |
| (g) | 181 to 365 Days | | ___________ | | ___________ |
| (h) | 1 to 2 Years | | ___________ | | ___________ |
| (i) | 2 to 3 Years | | ___________ | | ___________ |
| (j) | Greater Than 3 Years | | ___________ | | ___________ |
| (k) | Sub-Total | $ | ___________ | $ | ___________ |
| (l) | Securities Received | | ___________ | | ___________ |
| (m) | Total Collateral Reinvested | $ | ___________ | $ | ___________ |
| 2. Dollar Repurchase Agreement | | | | | |
| (a) | Open | $ | ___________ | $ | ___________ |
| (b) | 30 Days or Less | | ___________ | | ___________ |
| (c) | 31 to 60 Days | | ___________ | | ___________ |
| (d) | 61 to 90 Days | | ___________ | | ___________ |
| (e) | 91 to 120 Days | | ___________ | | ___________ |
| (f) | 121 to 180 Days | | ___________ | | ___________ |
| (g) | 181 to 365 Days | | ___________ | | ___________ |
| (h) | 1 to 2 Years | | ___________ | | ___________ |
| (i) | 2 to 3 Years | | ___________ | | ___________ |
| (j) | Greater Than 3 Years | | ___________ | | ___________ |
| (k) | Sub-Total | $ | ___________ | $ | ___________ |
| (l) | Securities Received | | ___________ | | ___________ |
| (m) | Total Collateral Reinvested | $ | ___________ | $ | ___________ |

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent upon the liquidity of the current market conditions. Under current conditions, the reporting entity has $1 billion of par value bonds (fair value of $920 million) that are currently tradable securities that could be sold and used to pay for the $850 million in collateral calls that could come due under a worst-case scenario.

**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) Collateral for securities lending transactions that extend beyond one year from the reporting date

| Description of Collateral | Amount |
|---|---|
| .................................................................................................................. | $ .................... |
| .................................................................................................................. | .................... |
| .................................................................................................................. | .................... |
| .................................................................................................................. | .................... |
| .................................................................................................................. | .................... |
| Total Collateral Extending beyond one year of the reporting date | $ .................... |

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

**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.**

**REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SECURED BORROWING TRANSACTIONS**

(2) Type of Repo Trades Used

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Bilateral (YES/NO) | ............................ | ............................ | ............................ | ............................ |
| b. Tri-Party (YES/NO) | ............................ | ............................ | ............................ | ............................ |

(3) Original (Flow) & Residual Maturity

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Open – No Maturity | ............................ | ............................ | ............................ | ............................ |
| 2. Overnight | ............................ | ............................ | ............................ | ............................ |
| 3. 2 Days to 1 Week | ............................ | ............................ | ............................ | ............................ |
| 4. > 1 Week to 1 Month | ............................ | ............................ | ............................ | ............................ |
| 5. > 1 Month to 3 Months | ............................ | ............................ | ............................ | ............................ |
| 6. > 3 Months to 1 Year | ............................ | ............................ | ............................ | ............................ |
| 7. > 1 Year | ............................ | ............................ | ............................ | ............................ |
| b. Ending Balance | | | | |
| 1. Open – No Maturity | ............................ | ............................ | ............................ | ............................ |
| 2. Overnight | ............................ | ............................ | ............................ | ............................ |
| 3. 2 Days to 1 Week | ............................ | ............................ | ............................ | ............................ |
| 4. > 1 Week to 1 Month | ............................ | ............................ | ............................ | ............................ |
| 5. > 1 Month to 3 Months | ............................ | ............................ | ............................ | ............................ |
| 6. > 3 Months to 1 Year | ............................ | ............................ | ............................ | ............................ |
| 7. > 1 Year | ............................ | ............................ | ............................ | ............................ |

(5) Securities "Sold" Under Repo – Secured Borrowing

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. BACV | XXX | XXX | XXX | .............................. |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | .............................. |
| 3. Fair Value | .............................. | .............................. | .............................. | .............................. |
| b. Ending Balance | | | | |
| 1. BACV | XXX | XXX | XXX | .............................. |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | .............................. |
| 3. Fair Value | .............................. | .............................. | .............................. | .............................. |

(6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Bonds – BACV | .............................. | .............................. | .............................. | .............................. |
| b. Bonds – FV | .............................. | .............................. | .............................. | .............................. |
| c. LB & SS – BACV | .............................. | .............................. | .............................. | .............................. |
| d. LB & SS – FV | .............................. | .............................. | .............................. | .............................. |
| e. Preferred Stock – BACV | .............................. | .............................. | .............................. | .............................. |
| f. Preferred Stock – FV | .............................. | .............................. | .............................. | .............................. |
| g. Common Stock | .............................. | .............................. | .............................. | .............................. |
| h. Mortgage Loans – BACV | .............................. | .............................. | .............................. | .............................. |
| i. Mortgage Loans – FV | .............................. | .............................. | .............................. | .............................. |
| j. Real Estate – BACV | .............................. | .............................. | .............................. | .............................. |
| k. Real Estate – FV | .............................. | .............................. | .............................. | .............................. |
| l. Derivatives – BACV | .............................. | .............................. | .............................. | .............................. |
| m. Derivatives – FV | .............................. | .............................. | .............................. | .............................. |
| n. Other Invested Assets – BACV | .............................. | .............................. | .............................. | .............................. |
| o. Other Invested Assets – FV | .............................. | .............................. | .............................. | .............................. |
| p. Total Assets – BACV | .............................. | .............................. | .............................. | .............................. |
| q. Total Assets – FV | .............................. | .............................. | .............................. | .............................. |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 NONADMITTED |
|---|---|---|---|---|
| a. Bonds – BACV | .............................. | .............................. | .............................. | .............................. |
| b. Bonds – FV | .............................. | .............................. | .............................. | .............................. |
| c. LB & SS – BACV | .............................. | .............................. | .............................. | .............................. |
| d. LB & SS – FV | .............................. | .............................. | .............................. | .............................. |
| e. Preferred Stock – BACV | .............................. | .............................. | .............................. | .............................. |
| f. Preferred Stock – FV | .............................. | .............................. | .............................. | .............................. |
| g. Common Stock | .............................. | .............................. | .............................. | .............................. |
| h. Mortgage Loans – BACV | .............................. | .............................. | .............................. | .............................. |
| i. Mortgage Loans – FV | .............................. | .............................. | .............................. | .............................. |
| j. Real Estate – BACV | .............................. | .............................. | .............................. | .............................. |
| k. Real Estate – FV | .............................. | .............................. | .............................. | .............................. |
| l. Derivatives – BACV | .............................. | .............................. | .............................. | .............................. |
| m. Derivatives – FV | .............................. | .............................. | .............................. | .............................. |
| n. Other Invested Assets – BACV | .............................. | .............................. | .............................. | .............................. |
| o. Other Invested Assets – FV | .............................. | .............................. | .............................. | .............................. |
| p. Total Assets – BACV | .............................. | .............................. | .............................. | .............................. |
| q. Total Assets – FV | .............................. | .............................. | .............................. | .............................. |

p=a+c+e+g+h+j+l+n    q=b+d+f+g+i+k+m+o

(7) Collateral Received – Secured Borrowing

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |
| b. Ending Balance | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Cash | ............................ | ............................ | ............................ | ............................ |
| b. Bonds – FV | ............................ | ............................ | ............................ | ............................ |
| c. LB & SS – FV | ............................ | ............................ | ............................ | ............................ |
| d. Preferred Stock – FV | ............................ | ............................ | ............................ | ............................ |
| e. Common Stock | ............................ | ............................ | ............................ | ............................ |
| f. Mortgage Loans – FV | ............................ | ............................ | ............................ | ............................ |
| g. Real Estate – FV | ............................ | ............................ | ............................ | ............................ |
| h. Derivatives – FV | ............................ | ............................ | ............................ | ............................ |
| i. Other Invested Assets – FV | ............................ | ............................ | ............................ | ............................ |
| j. Total Collateral Assets – FV (Sum of a through i) | ............................ | ............................ | ............................ | ............................ |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 DOES NOT QUALIFY AS ADMITTED |
|---|---|---|---|---|
| a. Cash | .................... | .................... | .................... | .................... |
| b. Bonds – FV | .................... | .................... | .................... | .................... |
| c. LB & SS – FV | .................... | .................... | .................... | .................... |
| d. Preferred Stock – FV | .................... | .................... | .................... | .................... |
| e. Common Stock | .................... | .................... | .................... | .................... |
| f. Mortgage Loans – FV | .................... | .................... | .................... | .................... |
| g. Real Estate – FV | .................... | .................... | .................... | .................... |
| h. Derivatives – FV | .................... | .................... | .................... | .................... |
| i. Other Invested Assets – FV | .................... | .................... | .................... | .................... |
| j. Total Collateral Assets – FV (Sum of a through i) | .................... | .................... | .................... | .................... |

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

| | FAIR VALUE |
|---|---|
| a. Overnight and Continuous | ............................ |
| b. 30 Days or Less | ............................ |
| c. 31 to 90 Days | ............................ |
| d. > 90 Days | ............................ |

(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

| | AMORTIZED COST | FAIR VALUE |
|---|---|---|
| a. 30 Days or Less | .............................. | .............................. |
| b. 31 to 60 Days | .............................. | .............................. |
| c. 61 to 90 Days | .............................. | .............................. |
| d. 91 to 120 Days | .............................. | .............................. |
| e. 121 to 180 Days | .............................. | .............................. |
| f. 181 to 365 Days | .............................. | .............................. |
| g. 1 to 2 Years | .............................. | .............................. |
| h. 2 to 3 Years | .............................. | .............................. |
| i. > 3 Years | .............................. | .............................. |

(11) Liability to Return Collateral – Secured Borrowing (Total)

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash (Collateral – All) | .............................. | .............................. | .............................. | .............................. |
| 2. Securities Collateral (FV) | .............................. | .............................. | .............................. | .............................. |
| b. Ending Balance | | | | |
| 1. Cash (Collateral – All) | .............................. | .............................. | .............................. | .............................. |
| 2. Securities Collateral (FV) | .............................. | .............................. | .............................. | .............................. |

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

**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.**

**REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SECURED BORROWING TRANSACTIONS**

(2) Type of Repo Trades Used

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Bilateral (YES/NO) | .............................. | .............................. | .............................. | .............................. |
| b. Tri-Party (YES/NO) | .............................. | .............................. | .............................. | .............................. |

(3) Original (Flow) & Residual Maturity

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Open – No Maturity | .............................. | .............................. | .............................. | .............................. |
| 2. Overnight | .............................. | .............................. | .............................. | .............................. |
| 3. 2 Days to 1 Week | .............................. | .............................. | .............................. | .............................. |
| 4. > 1 Week to 1 Month | .............................. | .............................. | .............................. | .............................. |
| 5. > 1 Month to 3 Months | .............................. | .............................. | .............................. | .............................. |
| 6. > 3 Months to 1 Year | .............................. | .............................. | .............................. | .............................. |
| 7. > 1 Year | .............................. | .............................. | .............................. | .............................. |
| b. Ending Balance | | | | |
| 1. Open – No Maturity | .............................. | .............................. | .............................. | .............................. |
| 2. Overnight | .............................. | .............................. | .............................. | .............................. |
| 3. 2 Days to 1 Week | .............................. | .............................. | .............................. | .............................. |
| 4. > 1 Week to 1 Month | .............................. | .............................. | .............................. | .............................. |
| 5. > 1 Month to 3 Months | .............................. | .............................. | .............................. | .............................. |
| 6. > 3 Months to 1 Year | .............................. | .............................. | .............................. | .............................. |
| 7. > 1 Year | .............................. | .............................. | .............................. | .............................. |

(5) Fair Value of Securities Acquired Under Repo – Secured Borrowing

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | ............................ | ............................ | ............................ | ............................ |
| b. Ending Balance | ............................ | ............................ | ............................ | ............................ |

(6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Bonds – FV | ............................ | ............................ | ............................ | ............................ |
| b. LB & SS – FV | ............................ | ............................ | ............................ | ............................ |
| c. Preferred Stock – FV | ............................ | ............................ | ............................ | ............................ |
| d. Common Stock | ............................ | ............................ | ............................ | ............................ |
| e. Mortgage Loans – FV | ............................ | ............................ | ............................ | ............................ |
| f. Real Estate – FV | ............................ | ............................ | ............................ | ............................ |
| g. Derivatives – FV | ............................ | ............................ | ............................ | ............................ |
| h. Other Invested Assets – FV | ............................ | ............................ | ............................ | ............................ |
| i. Total Assets – FV (Sum of a through h) | ............................ | ............................ | ............................ | ............................ |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 DOES NOT QUALIFY AS ADMITTED |
|---|---|---|---|---|
| a. Bonds – FV | ............................ | ............................ | ............................ | ............................ |
| b. LB & SS – FV | ............................ | ............................ | ............................ | ............................ |
| c. Preferred Stock – FV | ............................ | ............................ | ............................ | ............................ |
| d. Common Stock | ............................ | ............................ | ............................ | ............................ |
| e. Mortgage Loans – FV | ............................ | ............................ | ............................ | ............................ |
| f. Real Estate – FV | ............................ | ............................ | ............................ | ............................ |
| g. Derivatives – FV | ............................ | ............................ | ............................ | ............................ |
| h. Other Invested Assets – FV | ............................ | ............................ | ............................ | ............................ |
| i. Total Assets – FV (Sum of a through h) | ............................ | ............................ | ............................ | ............................ |

(7) Collateral Provided – Secured Borrowing

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |
| 3. Securities (BACV) | XXX | XXX | XXX | XXX |
| 4. Nonadmitted Subset (BACV) | XXX | XXX | XXX | XXX |
| b. Ending Balance | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |
| 3. Securities (BACV) | ............................ | ............................ | ............................ | ............................ |
| 4. Nonadmitted Subset (BACV) | ............................ | ............................ | ............................ | ............................ |

(8) Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

| | AMORTIZED COST | FAIR VALUE |
|---|---|---|
| a. Overnight and Continuous | ............................ | ............................ |
| b. 30 Days or Less | ............................ | ............................ |
| c. 31 to 90 Days | ............................ | ............................ |
| d. > 90 Days | ............................ | ............................ |

(9) Recognized Receivable for Return of Collateral – Secured Borrowing

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash | ............ | ............ | ............ | ............ |
| 2. Securities (FV) | ............ | ............ | ............ | ............ |
| b. Ending Balance | | | | |
| 1. Cash | ............ | ............ | ............ | ............ |
| 2. Securities (FV) | ............ | ............ | ............ | ............ |

(10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Repo Securities Sold/Acquired with Cash Collateral | ............ | ............ | ............ | ............ |
| 2. Repo Securities Sold/Acquired with Securities Collateral (FV) | ............ | ............ | ............ | ............ |
| b. Ending Balance | | | | |
| 1. Repo Securities Sold/Acquired with Cash Collateral | ............ | ............ | ............ | ............ |
| 2. Repo Securities Sold/Acquired with Securities Collateral (FV) | ............ | ............ | ............ | ............ |

H. Repurchase Agreements Transactions Accounted for as a Sale

**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.**

**REPURCHASE TRANSACTION – CASH TAKER – OVERVIEW OF SALE TRANSACTIONS**

(2) Type of Repo Trades Used

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Bilateral (YES/NO) | ............ | ............ | ............ | ............ |
| b. Tri-Party (YES/NO) | ............ | ............ | ............ | ............ |

(3) Original (Flow) & Residual Maturity

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Open – No Maturity | ............ | ............ | ............ | ............ |
| 2. Overnight | ............ | ............ | ............ | ............ |
| 3. 2 Days to 1 Week | ............ | ............ | ............ | ............ |
| 4. > 1 Week to 1 Month | ............ | ............ | ............ | ............ |
| 5. > 1 Month to 3 Months | ............ | ............ | ............ | ............ |
| 6. > 3 Months to 1 Year | ............ | ............ | ............ | ............ |
| 7. > 1 Year | ............ | ............ | ............ | ............ |
| b. Ending Balance | | | | |
| 1. Open – No Maturity | ............ | ............ | ............ | ............ |
| 2. Overnight | ............ | ............ | ............ | ............ |
| 3. 2 Days to 1 Week | ............ | ............ | ............ | ............ |
| 4. > 1 Week to 1 Month | ............ | ............ | ............ | ............ |
| 5. > 1 Month to 3 Months | ............ | ............ | ............ | ............ |
| 6. > 3 Months to 1 Year | ............ | ............ | ............ | ............ |
| 7. > 1 Year | ............ | ............ | ............ | ............ |

(5) Securities "Sold" Under Repo – Sale

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. BACV | XXX | XXX | XXX | ........................ |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | ........................ |
| 3. Fair Value | ........................ | ........................ | ........................ | ........................ |
| b. Ending Balance | | | | |
| 1. BACV | XXX | XXX | XXX | ........................ |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | ........................ |
| 3. Fair Value | ........................ | ........................ | ........................ | ........................ |

(6) Securities Sold Under Repo – Sale by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Bonds – BACV | ........................ | ........................ | ........................ | ........................ |
| b. Bonds – FV | ........................ | ........................ | ........................ | ........................ |
| c. LB & SS – BACV | ........................ | ........................ | ........................ | ........................ |
| d. LB & SS – FV | ........................ | ........................ | ........................ | ........................ |
| e. Preferred Stock – BACV | ........................ | ........................ | ........................ | ........................ |
| f. Preferred Stock – FV | ........................ | ........................ | ........................ | ........................ |
| g. Common Stock | ........................ | ........................ | ........................ | ........................ |
| h. Mortgage Loans – BACV | ........................ | ........................ | ........................ | ........................ |
| i. Mortgage Loans – FV | ........................ | ........................ | ........................ | ........................ |
| j. Real Estate – BACV | ........................ | ........................ | ........................ | ........................ |
| k. Real Estate – FV | ........................ | ........................ | ........................ | ........................ |
| l. Derivatives – BACV | ........................ | ........................ | ........................ | ........................ |
| m. Derivatives – FV | ........................ | ........................ | ........................ | ........................ |
| n. Other Invested Assets – BACV | ........................ | ........................ | ........................ | ........................ |
| o. Other Invested Assets – FV | ........................ | ........................ | ........................ | ........................ |
| p. Total Assets – BACV | ........................ | ........................ | ........................ | ........................ |
| q. Total Assets – FV | ........................ | ........................ | ........................ | ........................ |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 NONADMITTED |
|---|---|---|---|---|
| a. Bonds – BACV | ........................ | ........................ | ........................ | ........................ |
| b. Bonds – FV | ........................ | ........................ | ........................ | ........................ |
| c. LB & SS – BACV | ........................ | ........................ | ........................ | ........................ |
| d. LB & SS – FV | ........................ | ........................ | ........................ | ........................ |
| e. Preferred Stock – BACV | ........................ | ........................ | ........................ | ........................ |
| f. Preferred Stock – FV | ........................ | ........................ | ........................ | ........................ |
| g. Common Stock | ........................ | ........................ | ........................ | ........................ |
| h. Mortgage Loans – BACV | ........................ | ........................ | ........................ | ........................ |
| i. Mortgage Loans – FV | ........................ | ........................ | ........................ | ........................ |
| j. Real Estate – BACV | ........................ | ........................ | ........................ | ........................ |
| k. Real Estate – FV | ........................ | ........................ | ........................ | ........................ |
| l. Derivatives – BACV | ........................ | ........................ | ........................ | ........................ |
| m. Derivatives – FV | ........................ | ........................ | ........................ | ........................ |
| n. Other Invested Assets – BACV | ........................ | ........................ | ........................ | ........................ |
| o. Other Invested Assets – FV | ........................ | ........................ | ........................ | ........................ |
| p. Total Assets – BACV | ........................ | ........................ | ........................ | ........................ |
| q. Total Assets – FV | ........................ | ........................ | ........................ | ........................ |

p=a+c+e+g+h+j+l+n q=b+d+f+g+i+k+m+o

(7) Proceeds Received – Sale

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |
| 3. Nonadmitted | ............................ | ............................ | ............................ | ............................ |
| b. Ending Balance | | | | |
| 1. Cash | ............................ | ............................ | ............................ | ............................ |
| 2. Securities (FV) | ............................ | ............................ | ............................ | ............................ |
| 3. Nonadmitted | ............................ | ............................ | ............................ | ............................ |

(8) Cash & Non-Cash Collateral Received – Sale by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Bonds – FV | ............................ | ............................ | ............................ | ............................ |
| b. LB & SS – FV | ............................ | ............................ | ............................ | ............................ |
| c. Preferred Stock – FV | ............................ | ............................ | ............................ | ............................ |
| d. Common Stock | ............................ | ............................ | ............................ | ............................ |
| e. Mortgage Loans – FV | ............................ | ............................ | ............................ | ............................ |
| f. Real Estate – FV | ............................ | ............................ | ............................ | ............................ |
| g. Derivatives – FV | ............................ | ............................ | ............................ | ............................ |
| h. Other Invested Assets – FV | ............................ | ............................ | ............................ | ............................ |
| i. Total Assets – FV (Sum of a through h) | ............................ | ............................ | ............................ | ............................ |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 NONADMITTED |
|---|---|---|---|---|
| a. Bonds – FV | ............................ | ............................ | ............................ | ............................ |
| b. LB & SS – FV | ............................ | ............................ | ............................ | ............................ |
| c. Preferred Stock – FV | ............................ | ............................ | ............................ | ............................ |
| d. Common Stock | ............................ | ............................ | ............................ | ............................ |
| e. Mortgage Loans – FV | ............................ | ............................ | ............................ | ............................ |
| f. Real Estate – FV | ............................ | ............................ | ............................ | ............................ |
| g. Derivatives – FV | ............................ | ............................ | ............................ | ............................ |
| h. Other Invested Assets – FV | ............................ | ............................ | ............................ | ............................ |
| i. Total Assets – FV (Sum of a through h) | ............................ | ............................ | ............................ | ............................ |

(9) Recognized Forward Resale Commitment

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | ............................ | ............................ | ............................ | ............................ |
| b. Ending Balance | ............................ | ............................ | ............................ | ............................ |

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

**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.**

**REPURCHASE TRANSACTION – CASH PROVIDER – OVERVIEW OF SALE TRANSACTIONS**

(2) Type of Repo Trades Used

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Bilateral (YES/NO) | ........................ | ........................ | ........................ | ........................ |
| b. Tri-Party (YES/NO) | ........................ | ........................ | ........................ | ........................ |

(3) Original (Flow) & Residual Maturity

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Open – No Maturity | ........................ | ........................ | ........................ | ........................ |
| 2. Overnight | ........................ | ........................ | ........................ | ........................ |
| 3. 2 Days to 1 Week | ........................ | ........................ | ........................ | ........................ |
| 4. > 1 Week to 1 Month | ........................ | ........................ | ........................ | ........................ |
| 5. > 1 Month to 3 Months | ........................ | ........................ | ........................ | ........................ |
| 6. > 3 Months to 1 Year | ........................ | ........................ | ........................ | ........................ |
| 7. > 1 Year | ........................ | ........................ | ........................ | ........................ |
| b. Ending Balance | | | | |
| 1. Open – No Maturity | ........................ | ........................ | ........................ | ........................ |
| 2. Overnight | ........................ | ........................ | ........................ | ........................ |
| 3. 2 Days to 1 Week | ........................ | ........................ | ........................ | ........................ |
| 4. > 1 Week to 1 Month | ........................ | ........................ | ........................ | ........................ |
| 5. > 1 Month to 3 Months | ........................ | ........................ | ........................ | ........................ |
| 6. > 3 Months to 1 Year | ........................ | ........................ | ........................ | ........................ |
| 7. > 1 Year | ........................ | ........................ | ........................ | ........................ |

(5) Securities Acquired Under Repo – Sale

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. BACV | XXX | XXX | XXX | ........................ |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | ........................ |
| 3. Fair Value | ........................ | ........................ | ........................ | ........................ |
| b. Ending Balance | | | | |
| 1. BACV | XXX | XXX | XXX | ........................ |
| 2. Nonadmitted – Subset of BACV | XXX | XXX | XXX | ........................ |
| 3. Fair Value | ........................ | ........................ | ........................ | ........................ |

(6) Securities Acquired Under Repo – Sale by NAIC Designation

ENDING BALANCE

| | 1 NONE | 2 NAIC 1 | 3 NAIC 2 | 4 NAIC 3 |
|---|---|---|---|---|
| a. Bonds – BACV | ........ | ........ | ........ | ........ |
| b. Bonds – FV | ........ | ........ | ........ | ........ |
| c. LB & SS – BACV | ........ | ........ | ........ | ........ |
| d. LB & SS – FV | ........ | ........ | ........ | ........ |
| e. Preferred Stock – BACV | ........ | ........ | ........ | ........ |
| f. Preferred Stock – FV | ........ | ........ | ........ | ........ |
| g. Common Stock | ........ | ........ | ........ | ........ |
| h. Mortgage Loans – BACV | ........ | ........ | ........ | ........ |
| i. Mortgage Loans – FV | ........ | ........ | ........ | ........ |
| j. Real Estate – BACV | ........ | ........ | ........ | ........ |
| k. Real Estate – FV | ........ | ........ | ........ | ........ |
| l. Derivatives – BACV | ........ | ........ | ........ | ........ |
| m. Derivatives – FV | ........ | ........ | ........ | ........ |
| n. Other Invested Assets – BACV | ........ | ........ | ........ | ........ |
| o. Other Invested Assets – FV | ........ | ........ | ........ | ........ |
| p. Total Assets – BACV | ........ | ........ | ........ | ........ |
| q. Total Assets – FV | ........ | ........ | ........ | ........ |

ENDING BALANCE

| | 5 NAIC 4 | 6 NAIC 5 | 7 NAIC 6 | 8 NONADMITTED |
|---|---|---|---|---|
| a. Bonds – BACV | ........ | ........ | ........ | ........ |
| b. Bonds – FV | ........ | ........ | ........ | ........ |
| c. LB & SS – BACV | ........ | ........ | ........ | ........ |
| d. LB & SS – FV | ........ | ........ | ........ | ........ |
| e. Preferred Stock – BACV | ........ | ........ | ........ | ........ |
| f. Preferred Stock – FV | ........ | ........ | ........ | ........ |
| g. Common Stock | ........ | ........ | ........ | ........ |
| h. Mortgage Loans – BACV | ........ | ........ | ........ | ........ |
| i. Mortgage Loans – FV | ........ | ........ | ........ | ........ |
| j. Real Estate – BACV | ........ | ........ | ........ | ........ |
| k. Real Estate – FV | ........ | ........ | ........ | ........ |
| l. Derivatives – BACV | ........ | ........ | ........ | ........ |
| m. Derivatives – FV | ........ | ........ | ........ | ........ |
| n. Other Invested Assets – BACV | ........ | ........ | ........ | ........ |
| o. Other Invested Assets – FV | ........ | ........ | ........ | ........ |
| p. Total Assets – BACV | ........ | ........ | ........ | ........ |
| q. Total Assets – FV | ........ | ........ | ........ | ........ |

p=a+c+e+g+h+j+l+n q=b+d+f+g+i+k+m+o

(7) Proceeds Provided – Sale

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | | | | |
| 1. Cash | ........ | ........ | ........ | ........ |
| 2. Securities (FV) | ........ | ........ | ........ | ........ |
| 3. Securities (BACV) | XXX | XXX | XXX | XXX |
| 4. Nonadmitted Subset (BACV) | XXX | XXX | XXX | XXX |
| b. Ending Balance | | | | |
| 1. Cash | ........ | ........ | ........ | ........ |
| 2. Securities (FV) | ........ | ........ | ........ | ........ |
| 3. Securities (BACV) | ........ | ........ | ........ | ........ |
| 4. Nonadmitted Subset (BACV) | ........ | ........ | ........ | ........ |

(8) Recognized Forward Resale Commitment

| | FIRST QUARTER | SECOND QUARTER | THIRD QUARTER | FOURTH QUARTER |
|---|---|---|---|---|
| a. Maximum Amount | ........ | ........ | ........ | ........ |
| b. Ending Balance | ........ | ........ | ........ | ........ |

L. Restricted Assets

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR TABLES 5L(1) THROUGH 5L(4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category | 1<br>Total Gross (Admitted & Nonadmited) Restricted from Current Year | 2<br>Total Gross (Admitted & Nonadmited) Restricted From Prior Year | 3<br>Increase/ (Decrease) (1 minus 2) | 4<br>Total Current Year Nonadmited Restricted | 5<br>Total Current Year Admitted Restricted (1 minus 4) | 6<br>Gross (Admitted & Nonadmited) Restricted to Total Assets (a) | 7<br>Admitted Restricted to Total Admitted Assets (b) |
|---|---|---|---|---|---|---|---|
| a. Subject to contractual obligation for which liability is not shown | $ ...................... | $ ...................... | $ ...................... | $ ...................... | $ ...................... | ...........% | ...........% |
| b. Collateral held under security lending agreements | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| c. Subject to repurchase agreements | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| d. Subject to reverse repurchase agreements | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| e. Subject to dollar repurchase agreements | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| f. Subject to dollar reverse repurchase agreements | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| g. Placed under option contracts | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| h. Letter stock or securities restricted as to sale – excluding FHLB capital stock | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| i. FHLB capital stock | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| j. On deposit with states | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| k. On deposit with other regulatory bodkies | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| m. Pledged as collateral not captured in other categories | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| n. Other restricted assets | ...................... | ...................... | ...................... | ...................... | ...................... | ........... | ........... |
| o. Total Restricted Assets | $ ...................... | $ ...................... | $ ...................... | $ ...................... | $ ...................... | ...........% | ...........% |

(a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

| Description of Assets | 1<br>Total Gross (Admitted & Nonadmited) Restricted from Current Year | 2<br>Total Gross (Admitted & Nonadmited) Restricted From Prior Year | 3<br>Increase/ (Decrease) (1 minus 2) | 4<br>Total Current Year Admitted Restricted | 5<br>Gross (Admitted & Nonadmited) Restricted to Total Asset) | 6<br>Admitted Restricted to Total Admitted Assets |
|---|---|---|---|---|---|---|
| .......................................... | $ ..................... | $ ..................... | $ ..................... | $ ..................... | ...........% | ...........% |
| .......................................... | ..................... | ..................... | ..................... | ..................... | ........... | ........... |
| .......................................... | ..................... | ..................... | ..................... | ..................... | ........... | ........... |
| Total (a) | $ ..................... | $ ..................... | $ ..................... | $ ..................... | ...........% | ...........% |

(a) Total Line for Columns 1 through 3 should equal 5L(1)m Columns 1 through 3 respectively and Total Line for Column 4 should equal 5L(1)m Column 5

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

| Description of Assets | 1<br>Total Gross (Admitted & Nonadmited) Restricted from Current Year | 2<br>Total Gross (Admitted & Nonadmited) Restricted From Prior Year | 3<br>Increase/ (Decrease) (1 minus 2) | 4<br>Total Current Year Admitted Restricted | 5<br>Gross (Admitted & Nonadmited) Restricted to Total Assets | 6<br>Admitted Restricted to Total Admitted Assets |
|---|---|---|---|---|---|---|
| ........................................... | $ ...................... | $ ...................... | $ ...................... | $ ...................... | ............% | ............% |
| ........................................... | ...................... | ...................... | ...................... | ...................... | ............ | ............ |
| ........................................... | ...................... | ...................... | ...................... | ...................... | ............ | ............ |
| Total (a) | $ ...................... | $ ...................... | $ ...................... | $ ...................... | ............% | ............% |

(a) Total Line for Columns 1 through 3 should equal 5L(1)n Columns 1 through 3 respectively and Total Line for Column 4should equal 5L(1)n Column 5

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

| Collateral Assets | 1<br>Book/Adjusted Carrying Value (BACV) | 2<br>Fair Value | 3<br>% of BACV to Total Assets (Admitted and Nonadmitted * | 4<br>% of BACV to Total Admitted Assets ** |
|---|---|---|---|---|
| a. Cash, Cash Equivalents and Short-Term Investments | $ .......................... | $ .......................... | ................ % | ................ % |
| b. Schedule D, Part 1 | .......................... | .......................... | ................ % | ................ % |
| c. Schedule D, Part 2, Section 1 | .......................... | .......................... | ................ % | ................ % |
| d. Schedule D, Part 2, Section 2 | .......................... | .......................... | ................ % | ................ % |
| e. Schedule B | .......................... | .......................... | ................ % | ................ % |
| f. Schedule A | .......................... | .......................... | ................ % | ................ % |
| g. Schedule BA, Part 1 | .......................... | .......................... | ................ % | ................ % |
| h. Schedule DL, Part 1 | .......................... | .......................... | ................ % | ................ % |
| i. Other | | | % | % |
| j. Total Collateral Assets (a+b+c+d+e+f+g+h+i) | $ | $ | % | % |

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

| | 1<br>Amount | 2<br>% of Liability to Total Liabilities * |
|---|---|---|
| k. Recognized Obligation to Return Collateral Asset | $ .......................... | ......................% |

* Column 1 divided by Liability Page, Line 23 (Column 1)

M. Working Capital Finance Investments

**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) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

| | | Gross Asset CY | Non-admitted Asset CY | Net Admitted Asset CY |
|---|---|---|---|---|
| a. | WCFI Designation 1 | $ ........................ | $ ........................ | $ ........................ |
| b. | WCFI Designation 2 | ........................ | ........................ | ........................ |
| c. | WCFI Designation 3 | ........................ | ........................ | ........................ |
| d. | WCFI Designation 4 | ........................ | ........................ | ........................ |
| e. | WCFI Designation 5 | ........................ | ........................ | ........................ |
| f. | WCFI Designation 6 | ........................ | ........................ | ........................ |
| g. | 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.**

(2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs:

| | | Book/Adjusted Carrying Value |
|---|---|---|
| a. | Up to 180 Days | ______________ |
| b. | 181 Days to 365 Days | ______________ |
| c. | Total | $ ______________ |

N. Offsetting and Netting of Assets and Liabilities

**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.**

| | Gross Amount Recognized | Amount Offset* | Net Amount Presented on Financial Statements |
|---|---|---|---|
| (1) Assets | | | |
| ........................................................ | $ ..................... | $ ...................... | $ ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| (2) Liabilities | | | |
| ........................................................ | $ ..................... | $ ...................... | $ ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |
| ........................................................ | ..................... | ...................... | ...................... |

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

**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.**

O. 5GI Securities

| Investment | Number of 5GI Securities | | Aggregate BACV | | Aggregate Fair Value | |
|---|---|---|---|---|---|---|
| | Current Year | Prior Year | Current Year | Prior Year | Current Year | Prior Year |
| (1) Bonds – AC | .............................. | .............................. | $ .......................... | $ .......................... | $ .......................... | $ .......................... |
| (2) Bonds – FV | .............................. | .............................. | .......................... | .......................... | .......................... | .......................... |
| (3) LB&SS – AC | .............................. | .............................. | .......................... | .......................... | .......................... | .......................... |
| (4) LB&SS – FV | .............................. | .............................. | .......................... | .......................... | .......................... | .......................... |
| (5) Preferred Stock – AC | .............................. | .............................. | .......................... | .......................... | .......................... | .......................... |
| (6) Preferred Stock – FV | | | | | | |
| (7) Total (1+2+3+4+5+6) | | | $ | $ | $ | $ |

AC – Amortized Cost FV – Fair Value

**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.**

P. Short Sales

(1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

| | Proceeds Received | Current Fair Value of Securities Sold Short | Unrealized Gain or Loss | Expected Settlement (# of Days) | Fair Value of Short Sales Exceeding (or expected to exceed) 3 Settlement Days | Fair Value of Short Sales Expected to be Settled by Secured Borrowing |
|---|---|---|---|---|---|---|
| a. Bonds | $ ..................... | ..................... | ..................... | ............. | ..................... | ..................... |
| b. Preferred Stock | ..................... | ..................... | ..................... | ............. | ..................... | ..................... |
| c. Common Stock | | | | | | |
| d. Totals (a+b+c) | $ | $ | $ | XXX | $ | $ |

(2) Settled Short Sale Transactions

| | Proceeds Received | Current Fair Value of Securities Sold Short | Realized Gain or Loss on Transaction | Fair Value of Short Sales that Exceeded 3 Settlement Days | Fair Value of Short Sales Settled by Secured Borrowing |
|---|---|---|---|---|---|
| a. Bonds | $ ..................... | $ ..................... | $ ..................... | $ ..................... | $ ..................... |
| b. Preferred Stock | ..................... | ..................... | ..................... | ..................... | ..................... |
| c. Common Stock | | | | | |
| d. Totals (a+b+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.**

Q. Prepayment Penalty and Acceleration Fees

| | General Account |
|---|---|
| (1) Number of CUSIPs | ________________ |
| (2) Aggregate Amount of Investment Income | ________________ |

## 6. Joint Ventures, Partnerships and Limited Liability Companies

Instruction:

A. For Investments in Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets of the reporting entity, disclose the following information:

- The name of each Joint Venture, Partnership and Limited Liability Company and percentage of ownership;
- The accounting policies of the reporting entity with respect to investments in these entities; and
- The difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets, (i.e., nonadmitted goodwill, other nonadmitted assets) and the accounting treatment of the difference.
- For each Joint Venture, Partnership and Limited Liability Company for which a quoted market price is available, the aggregate value of each investment based on the quoted market price; and
- Summarized information as to assets, liabilities, and results of operations for Joint Ventures, Partnerships and Limited Liability Companies, either individually or in groups.

B. For investments in impaired Joint Ventures, Partnerships and Limited Liability Companies disclose in the year of an impairment write-down the following:

- A description of the impaired assets and the facts and circumstances leading to the impairment, and
- The amount of the impairment and how fair value was determined.

Illustration:

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

## 7. Investment Income

Instruction:

Disclose the following for investment income due and accrued in the financial statements:

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued,

B. The total amount excluded.

Illustration:

A. Due and accrued income was excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. The total amount excluded was $___________.

## 8. Derivative Instruments

Instruction:

Disclose the following information by category of derivative financial instrument:

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

Disclose the following information by category of derivative financial instrument:

(1) A discussion of the market risk, credit risk and cash requirements of the derivative.

(2) A description of the reporting entity's objectives for using derivatives, i.e. hedging, income generation or replication, as well as a description of the context needed to understand those objectives and its strategies for achieving those objectives, including the identification of the category, e.g. fair value hedges, cash flow hedges, or foreign currency hedges, and for all objectives, the type of instrument(s) used.

(3) A description of the accounting policies for recognizing (or reasons for not recognizing) and measuring the derivatives used, and when recognized and where those instruments and related gains and losses are reported.

(4) Identification of whether the reporting entity has derivative contracts with financing premiums. (For purposes of this term, this includes scenarios in which the premium cost is paid at the end of the derivative contract or throughout the derivative contract.)

(5) The net gain or loss recognized in unrealized gains or losses during the reporting period representing the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness.

(6) The net gain or loss recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.

(7) For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:

a. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments; and

b. The amount of gains and losses classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transactions would occur by the end of the originally specified time period or within 2 months of that date.

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

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

(1) Discussion of hedged item/hedging instruments and hedging strategy:

- Discussion of hedged item, including information on the guarantees sensitive to interest rate risk, along with information on the designated hedging instruments being used to hedge the risk.

- Discussion of the hedging instruments shall identify whether a hedging instrument is a single instrument or portfolio, as well as information on the hedging strategy (including whether there have been changes in strategy from the prior reporting period, along with detailed information on the changes), and assessment of hedging effectiveness and compliance with the "Clearly Defined Hedging Strategy" of VM-21.

- Identification shall occur on whether the hedged item is intended to be fully hedged under the hedging strategy, or if the strategy is only focused on a portion of the liability characteristics or a portion of the interest rate sensitivity.

- Hedging strategies shall be identified as highly effective or not highly effective.

- If the strategy for a particular hedging relationship excludes a specific component of the gain or loss, or related cash flows, from the assessment of hedge effectiveness, details on the excluded components shall be disclosed.

Note: The narrative discussion for this disclosure shall incorporate a unique identifier for each hedging strategy referenced. Use the same identifier as used for Schedule DB, Part E.

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

Provide the following:

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

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

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

(3) Hedging Strategies Identified as No Longer Highly Effective

Disclose for hedging strategies no longer identified as highly effective previously captured within scope of SSAP No. 108:

a. Information on the determination of ineffectiveness, including variations from prior assessments resulting in the change from classification as a highly effective hedge.

b. Identification of outstanding hedging instruments previously captured within scope of this standard and subsequently identified as no longer part of a highly effective hedging strategy. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy had been identified by the reporting entity as no longer highly effective.

c. Deferred assets and deferred liabilities previously recognized when the program was highly effective, with a schedule that shows the amortization that would have occurred if the program had remained highly effective, as well as a schedule that details the amortization that will occur as the program is no longer highly effective (maximum five-year time frame).

d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year time frame), along with amounts immediately recognized to unrealized gains/losses, and how the election impacts the scheduled amortization.

(4) Hedging Strategies Terminated

Disclose for situations in which the reporting entity has elected to terminate the hedging strategy and/or discontinue the special accounting provisions permitted within SSAP No. 108:

a. The key elements in the reporting entity's decision to terminate, identifying changes in the reporting entity's objectives or perspectives from initial application.

b. Identification of outstanding hedging instruments previously captured within scope of this standard and the accounting impact as a result of the termination/discontinuation. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy or the election to use the special accounting provision in this SSAP had been terminated.

c. Deferred assets and deferred liabilities previously recognized under the hedging strategy and/or program, with a schedule that shows the amortization that would have occurred if the strategy and/or program had remained highly effective, as well as a schedule that details the amortization that will occur with the termination of the strategy and/or program (maximum five-year time frame).

d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year time frame), along with amounts immediately recognized to unrealized gains/losses, and the resulting impact to the scheduled amortization.

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. Derivatives under *SSAP No. 86—Derivatives*

(8)

a.

| | Fiscal Year | Derivative Premium Payments Due |
|---|---|---|
| 1. | 2021 | $ ...................................... |
| 2. | 2022 | ...................................... |
| 3. | 2023 | ...................................... |
| 4. | 2024 | ...................................... |
| 5. | Thereafter | ...................................... |
| 6. | Total Future Settled Premiums | $ ...................................... |

b.

| | | Undiscounted Future Premium Commitments | Derivative Fair Value with Premium Commitments (Reported on DB) | Derivative Fair Value Excluding Impact of Future Settled Premiums |
|---|---|---|---|---|
| 1. | Prior Year | $ ........................ | $ ....................... | $ ........................ |
| 2. | Current Year | $ ........................ | $ ....................... | $ ........................ |

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

(1) Discussion of hedged item / hedging instruments and hedging strategy:

***CDHS #1 - Rider Claims Less Rider Fees in VA Contracts - 50% Rho - 10 Year SL Amortization***:

The hedged obligation consists of guaranteed benefits on variable annuity contracts and resembles a long dated put option where claim payment is made whenever account value is less than a guaranteed amount, adjusted for applicable fees. Changes in interest rates impact the present value of future product cash flows (discount rate), as well as the value of investments comprising the account value to be assessed against the guarantee. Under this VM-21 compliant clearly defined hedging strategy (CDHS), interest rate risk may be hedged by a duration matched portfolio of interest sensitive derivatives, such as Treasury bond forwards, treasury futures, interest rate swaps, interest rate swaptions or Treasury future options. The hedging strategy is unchanged from the prior reporting period, and the total return on the designated portfolio of derivatives has been highly effective in covering the established target of 50% of the interest rate risk (rho) of the hedged obligation. Hedge effectiveness is measured in accordance with the requirements outlined under SSAP No. 108 and entails assessment of the total return on the designated portfolio of derivatives against changes in the fair value of the hedged obligation due to interest rate movements on a cumulative basis.

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

a. Scheduled Amortization

| Amortization Year | Deferred Assets | Deferred Liabilities |
|---|---|---|
| 1. 2021 | ................................ | ................................ |
| 2. 2022 | ................................ | ................................ |
| 3. 2023 | ................................ | ................................ |
| 4. 2024 | ................................ | ................................ |
| 5. 2025 | ................................ | ................................ |
| 6. 2026 | ................................ | ................................ |
| 7. 2027 | ................................ | ................................ |
| 8. 2028 | ................................ | ................................ |
| 9. 2029 | ................................ | ................................ |
| 10. 2030 | | |
| 11. Total | | |

b. Total Deferred Balance * ................................

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

c. Reconciliation of Amortization:

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

d. Open Derivative Removed from SSAP No. 108 and Captured in Scope of SSAP No. 86

1. Total Derivative Fair Value Change $ .........................
2. Change in Fair Value Reflected as a Natural Offset to VM-21 Liability under SSAP No. 108 $ .........................
3. Change in Fair Value Reflected as a Deferred Asset/Liability Under SSAP No. 108 $ .........................
4. Other Changes $ .........................
5. Unrealized Gain/Loss Recognized for Derivative Under SSAP No. 86 [1-(sum of 2 through 4)] $ .........................

e. Open Derivative Removed from SSAP No. 86 and Captured in Scope of SSAP No. 108

1. Total Derivative Fair Value Change $ .........................
2. Unrealized Gain/Loss Recognized Prior to the Reclassification to SSAP No. 108 $ .........................
3. Other Changes $ .........................
4. Fair Value Change Available for Application under SSAP No. 108 [1-(2+3)] $ .........................

(3) Hedging Strategies Identified as No Longer Highly Effective

b. Details of Hedging Strategies Identified as No Longer Highly Effective

| Unique Identifier | Date Domiciliary State Notified | Amortization (# of years) 5 or Less | Recognized Deferred Assets | Recognized Deferred Liabilities |
|---|---|---|---|---|
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |

c. Amortization

| Amortization Year | Recognized Deferred Assets | Recognized Deferred Liabilities | Accelerated Amortization | Original Amortization |
|---|---|---|---|---|
| 1. 2021 | ................................ | ................................ | ................................ | ................................ |
| 2. 2022 | ................................ | ................................ | ................................ | ................................ |
| 3. 2023 | ................................ | ................................ | ................................ | ................................ |
| 4. 2024 | ................................ | ................................ | ................................ | ................................ |
| 5. 2025 | ................................ | ................................ | ................................ | ................................ |
| 6. Total Adjusted Amortization | | ................................ | | |

(4) Hedging Strategies Terminated

b. Details of Hedging Strategies Terminated

| Unique Identifier | Date Domiciliary State Notified | Amortization (# of years) 5 or Less | Recognized Deferred Assets | Recognized Deferred Liabilities |
|---|---|---|---|---|
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |
| ........................ | ........................... | ..................... | ................................ | ................................ |

c. Amortization

| Amortization Year | Recognized Deferred Assets | Recognized Deferred Liabilities | Accelerated Amortization | Original Amortization |
|---|---|---|---|---|
| 1. 2021 | ................................ | ................................ | ................................ | ................................ |
| 2. 2022 | ................................ | ................................ | ................................ | ................................ |
| 3. 2023 | ................................ | ................................ | ................................ | ................................ |
| 4. 2024 | ................................ | ................................ | ................................ | ................................ |
| 5. 2025 | ................................ | ................................ | ................................ | ................................ |
| 6. Total Adjusted Amortization | | ................................ | | |

## 9. Income Taxes

Instruction:

A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows:

(1) Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:

a. The total of all gross deferred tax assets.

b. The total of all statutory valuation allowance adjustments.

c. The total of all adjusted gross deferred tax assets.

d. The total of all deferred tax assets nonadmitted as the result of the application of *SSAP No. 101—Income Taxes*.

e. The total of all net adjusted gross admitted deferred tax assets.

f. The total of all deferred tax liabilities.

g. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities).

(2) Admission Calculation Components per *SSAP No. 101—Income Taxes*

For the current year, prior year and the change between years, disclose the amount of each result or component of the deferred tax asset admission calculation as provided in *SSAP No. 101—Income Taxes*.

a. The amount of federal income taxes paid in prior years that can be recovered through loss carrybacks, by tax character (ordinary and capital).

b. The amount of adjusted gross DTAs expected to be realized (excluding the amount of DTAs reported in 9A(2)a) after application of the threshold limitations, by tax character (ordinary and capital). (The amount determined in 9A(2)b1 limited by the amount determined in 9A(2)b2.)

1. The amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (ordinary and capital). Refer to the applicable Realization Threshold Limitation Table in *SSAP No. 101—Income Taxes* to determine the applicable period.

2. The amount of the applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for the current reporting period's statement filed with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. Refer to *SSAP No. 101—Income Taxes* to determine the applicable percentage to be applied.

c. The amount of adjusted gross DTAs (excluding the amount of DTAs reported in 9A(2)a and 9A(2)b) that can be offset against existing gross DTLs, by tax character (ordinary and capital).

d. The amount of DTAs admitted as the result of the application of *SSAP No. 101—Income Taxes* by tax character (ordinary and capital). (The sum of 9A(2)a, 9A(2)b and 9A(2)c.)

(3) Disclose the ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs, expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in 9A(2)b2.

(4) Disclose the impact of tax-planning strategies:

a. On the determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage of total. The disclosure should provide the following information for current year, prior year and change between years.

1. Adjusted gross DTAs by tax character Note 9A(1)c.

2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.

3. Net admitted adjusted gross DTAs by tax character Note 9A(1)e.

4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.

b. State whether the tax-planning strategies include the use of reinsurance related tax-planning strategies.

Refer to *SSAP No. 101—Income Taxes*, Exhibit A – Implementation Questions and Answers, Question No. 13, for guidance on tax-planning strategies.

B. To the extent that DTLs are not recognized for amounts described in paragraph 31 of FAS 109, disclose the following:

(1) A description of the types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable;

(2) The cumulative amount of each type of temporary difference;

(3) The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable; and

(4) The amount of the DTL for temporary differences other than those in item (3) above that is not recognized.

C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:

- Current tax expense or benefit;
- The change in DTAs and DTLs (exclusive of the effects of other components listed below);
- Investment tax credits;
- The benefits of operating loss carry forwards;
- Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
- Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset, and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes. Reporting entities should disclose those items included as "Other" (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document.

D. To the extent that the sum of a reporting entity's income tax incurred and the change in its DTAs and DTLs is different from the result obtained by applying the federal statutory rate to its pretax net income, a reporting entity should disclose the nature of the significant reconciling items.

E. A reporting entity should also disclose the following:

(1) The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes;

(2) The amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses; and

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. If the reporting entity's federal income tax return is consolidated with those of any other entity or entities, provide the following:

(1) A list of names of the entities with which the reporting entity's federal income tax return is consolidated for the current year, and

(2) The substance of the written agreement approved by the reporting entity's Board of Directors that sets forth the manner in which the total consolidated federal income tax for all entities is allocated to each entity that is a party to the consolidation. (If no written agreement has been executed, explain why such an agreement has not been executed.) Describe the method of allocation, setting forth the manner in which the entity has an enforceable right to recoup federal income taxes in the event of future net losses that it may incur or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

G. For any federal or foreign income tax loss contingencies as determined in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* with the modifications provided in *SSAP No. 101—Income Taxes* for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date, the reporting entity shall disclose an estimate of the range of the reasonably possible increase or a statement that an estimate of the range cannot be made.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance on disclosure requirements, and INT 06-12 for more detail on protective tax deposits.

H. Repatriation Transition Tax (RTT)

Reporting entities that are subject to the RTT shall include the following disclosure:

- RTT owed under the Tax Cuts and Jobs Act (TCJA)

- Schedule of payments made and expected future payments to satisfy the RTT liability. This disclosure shall explicitly identify whether the insurance entity has remitted full payment of the RTT, or whether the reporting entity is electing to pay the liability under the permitted installments. If the reporting entity fully remitted the RTT, disclosure of the RTT and the remitted payment is only required in the year-end 2018 financial statements. Reporting entities electing to make installment payments shall include the disclosure beginning in the year-end 2018 financial statements and continuing through the year-end statutory financial statements for the year in which the last installment payment was remitted.

I. Alternative Minimum Tax (AMT) Credit

Reporting entities with an AMT credit shall include the following disclosure:

Identification of whether the AMT credit was recognized as a current year recoverable or Deferred Tax Asset (DTA).

The balance of the AMT credit carryforward as of the beginning of the year; the amount of the AMT credit recovered during the year; other current year adjustments to the AMT credit carryforward; the balance of the AMT credit carryforward at the end of the year; the amount, if any, by which the ending balance has been reduced for sequestration; and the amount, if any, by which the reporting entity has elected to nonadmit. (This disclosure intends to capture any nonadmittance of the AMT Tax Credit by the reporting entity prior to application of the DTA admittance limitations reflected in SSAP No. 101.)

(These disclosures shall be made on an accrual basis beginning in the 2018 year-end statutory financial statements and continuing through the year-end statutory reporting period in which the AMT credit is fully utilized/received.)

Illustration:

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (9A1, 9A2, 9A3 AND 9A4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

**NOTE: DUE TO THE SIZE OF THIS TABLE, REPORTING ENTITIES MAY BE LIMITED IN THEIR ABILITY TO PRESENT THIS DISCLOSURE IN THE EXACT FORMAT SHOWN DUE TO FONT LIMITATIONS AND THE SIZE OF THE AMOUNTS BEING DISCLOSED. IT WILL BE CONSIDERED ACCEPTABLE AND IN COMPLIANCE WITH THE INSTRUCTIONS IF THIS TABLE IS SPLIT INTO THREE SEPARATE TABLES (CURRENT YEAR COLUMNS, PRIOR YEAR COLUMNS AND CHANGE COLUMNS).**

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

| | | 12/31/2020 | | | 12/31/2019 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1–4) Ordinary | (Col 2–5) Capital | (Col 7+8) Total |
| (a) | Gross Deferred Tax Assets | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (b) | Statutory Valuation Allowance Adjustments | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (c) | Adjusted Gross Deferred Tax Assets (1a – 1b) | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (d) | Deferred Tax Assets Nonadmitted | ______ | ____ | ____ | ______ | ____ | ____ | ______ | ____ | ____ |
| (e) | Subtotal Net Admitted Deferred Tax Asset (1c –1d ) | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (f) | Deferred Tax Liabilities | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (g) | Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f) | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |

2.

| | | 12/31/2020 | | | 12/31/2019 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Admission Calculation Components SSAP No. 101 | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1–4) Ordinary | (Col 2–5) Capital | (Col 7+8) Total |
| (a) | Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (b) | Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| | 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date. | $ ______ | $ ____ | $ ____ | $ ______ | $ ___ | $ ____ | $ ______ | $ ____ | $ ____ |
| | 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold. | XXX | XXX | $ ____ | XXX | XXX | $ ____ | XXX | XXX | $ ____ |
| (c) | Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities. | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |
| (d) | Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ | $ ______ | $ ____ | $ ____ |

3.

| | 2020 | 2019 |
|---|---|---|
| (a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount. | ______ | _____ |
| (b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. | $ ______ | $ _____ |

4.

| | 12/31/2020 | | 12/31/2019 | | Change | |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | Ordinary | Capital | Ordinary | Capital | (Col 1–3) Ordinary | (Col 2–4) Capital |
| Impact of Tax-Planning Strategies | | | | | | |
| (a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage. | | | | | | |
| 1. Adjusted Gross DTAs Amount From Note 9A1(c) | ______ | _____ | _____ | ______ | _____ | _____ |
| 2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies | ______ | _____ | _____ | ______ | _____ | _____ |
| 3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e) | ______ | _____ | _____ | ______ | _____ | _____ |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | ______ | _____ | _____ | ______ | _____ | _____ |

(b) Does the Company's tax–planning strategies include the use of reinsurance? Yes _____No _____

Line 9A1g, Column 3

If greater than zero, it should equal the Asset Page, Line 18.2, Column 3 and the Liability Page, Line 8.2, Column 1 should equal zero.

If not greater than zero, it should equal the Liability Page Line 8.2, Column 1 and the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero, the Liability Page, Line 8.2, Column 1 should equal zero and the Asset Page, Line 18.2, Column 3 should equal zero.

B. Regarding deferred tax liabilities that are not recognized:

See example in paragraph 12.20 of the *SSAP No. 101—Income Taxes* Q&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.**

C. Current income taxes incurred consist of the following major components:

| | | | | (1)<br>12/31/2020 | (2)<br>12/31/2019 | (3)<br>(Col 1-2)<br>Change |
|---|---|---|---|---|---|---|
| 1. | Current Income Tax | | | | | |
| | (a) | Federal | | $ | $ | $ |
| | (b) | Foreign | | $ | $ | $ |
| | (c) | Subtotal | | $ | $ | $ |
| | (d) | Federal income tax on net capital gains | | $ | $ | $ |
| | (e) | Utilization of capital loss carry-forwards | | $ | $ | $ |
| | (f) | Other | | $ | $ | $ |
| | (g) | Federal and foreign income taxes incurred | | $ | $ | $ |
| | | | | $ | $ | $ |
| 2.. | Deferred Tax Assets: | | | | | |
| | (a) | Ordinary | | | | |
| | | (1) | Discounting of unpaid losses | $ | $ | $ |
| | | (2) | Unearned premium reserve | $ | $ | $ |
| | | (3) | Policyholder reserves | $ | $ | $ |
| | | (4) | Investments | $ | $ | $ |
| | | (5) | Deferred acquisition costs | $ | $ | $ |
| | | (6) | Policyholder dividends accrual | $ | $ | $ |
| | | (7) | Fixed assets | $ | $ | $ |
| | | (8) | Compensation and benefits accrual | $ | $ | $ |
| | | (9) | Pension accrual | $ | $ | $ |
| | | (10) | Receivables – nonadmitted | $ | $ | $ |
| | | (11) | Net operating loss carry-forward | $ | $ | $ |
| | | (12) | Tax credit carry-forward | $ | $ | $ |
| | | (13) | Other (including items <5% of total ordinary tax assets) | $ | $ | $ |
| | | | (99) Subtotal | $ | $ | $ |
| | (b) | Statutory valuation allowance adjustment | | $ | $ | $ |
| | (c) | Nonadmitted | | $ | $ | $ |
| | (d) | Admitted ordinary deferred tax assets (2a99 – 2b – 2c) | | $ | $ | $ |
| | (e) | Capital: | | | | |
| | | (1) | Investments | $ | $ | $ |
| | | (2) | Net capital loss carry-forward | $ | $ | $ |
| | | (3) | Real estate | $ | $ | $ |
| | | (4) | Other (including items <5% of total capital tax assets) | $ | $ | $ |
| | | | (99) Subtotal | $ | $ | $ |
| | (f) | Statutory valuation allowance adjustment | | $ | $ | $ |
| | (g) | Nonadmitted | | $ | $ | $ |
| | (h) | Admitted capital deferred tax assets (2e99 – 2f – 2g) | | $ | $ | $ |
| | (i) | Admitted deferred tax assets (2d + 2h) | | $ | $ | $ |
| 3. | Deferred Tax Liabilities: | | | $ | $ | $ |
| | (a) | Ordinary | | | | |
| | | (1) | Investments | $ | $ | $ |
| | | (2) | Fixed assets | $ | $ | $ |
| | | (3) | Deferred and uncollected premium | $ | $ | $ |
| | | (4) | Policyholder reserves | $ | $ | $ |
| | | (5) | Other (including items <5% of total ordinary tax liabilities) | $ | $ | $ |
| | | | (99) Subtotal | $ | $ | $ |
| | (b) | Capital: | | | | |
| | | (1) | Investments | $ | $ | $ |
| | | (2) | Real estate | $ | $ | $ |
| | | (3) | Other (including items <5% of total capital tax liabilities) | $ | $ | $ |
| | | | (99) Subtotal | $ | $ | $ |
| | (c) | Deferred tax liabilities (3a99 + 3b99) | | | | |
| 4. | Net deferred tax assets/liabilities (2i – 3c) | | | $ | $ | $ |

D. Among the more significant book to tax adjustments were the following:

See illustration in paragraph 12.24 of the *SSAP No. 101—Income Taxes* Q&A.

E. See example in paragraph 12.25 of the *SSAP No. 101—Income Taxes* Q&A.

(3) The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $XX million as of December 31, 20XX.

F. See example in paragraph 12.26 of the *SSAP No. 101—Income Taxes* Q&A.

I. Alternative Minimum Tax Credit

**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.**

| | | | Amount |
|---|---|---|---|
| (1) | Gross AMT Credit Recognized as: | | |
| | a. Current year recoverable | $ | ........................... |
| | b. Deferred tax asset (DTA) | $ | ........................... |
| (2) | Beginning Balance of AMT Credit Carryforward | $ | ........................... |
| (3) | Amounts Recovered | $ | ........................... |
| (4) | Adjustments | $ | ........................... |
| (5) | Ending Balance of AMT Credit Carryforward (5=2–3–4) | $ | ........................... |
| (6) | Reduction for Sequestration | $ | ........................... |
| (7) | Nonadmitted by Reporting Entity | $ | ........................... |
| (8) | Reporting Entity Ending Balance (8=5–6–7) | $ | ........................... |

**Note: The disclosure for Nonadmitted by Reporting Entity (Line 7) intends to capture any nonadmittance of the AMT Tax Credit by the reporting entity prior to application of the DTA admittance limitations reflected in SSAP No. 101.**

**Reporting Entity Ending Balance (Line 8) reflects the amount of AMT Credit recognized by the reporting entity. This amount may be further reduced by DTA admittance limitations required in SSAP No. 101.**

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions that on a stand-alone basis are not material may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary, to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. Note 10 is primarily for SCAs under SSAP No. 97, but the disclosure for 10O should also be completed of SSAP No. 48 entities. The disclosures shall include:

A. The nature of the relationship involved.

B. A description of the transactions for each of the periods for which financial statements are presented, and such other information considered necessary to obtain an understanding of the effects of the transactions on the financial statements. Exclude reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions. The following information shall be provided if applicable:

- Date of transaction;
- Explanation of transaction;
- Name of reporting entity;
- Name of affiliate;
- Description of assets received by reporting entity;
- Statement value of assets received by reporting entity;
- Description of assets transferred by reporting entity; and
- Statement value of assets transferred by reporting entity.

The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.

C. Transactions with related parties who are not reported on Schedule Y

A reference number should be provided for each transaction with the related party to be used in the tables for the disclosures below. In each disclosure the transaction for each related party should be reported contiguously and not separated by other transactions with other related parties. (Multiple transactions with the same related party shall not be aggregated into a single row.)

Example: Company A has three separate transaction with Related Party B. All of transactions with Related Party B would be reported together on three consecutive rows of the disclosure table before reporting transaction with the next related party.)

(1) Detail of material related party transactions

- Date of transaction
- Name of related party
- Nature of relationship
- Type of transaction

  Options for type of transaction:

  - ❖ Loan
  - ❖ Exchange of assets or liabilities (e.g., buys, sells and secured borrowing transactions)
  - ❖ Management services
  - ❖ Cost-sharing agreement
  - ❖ Other transactions involving services
  - ❖ Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)
  - ❖ Other
- Written agreement (Yes/No)
- Due date
- Reporting period date amount due from (to)

(2) Detail of material related party transactions involving services

- Name of related party
- Overview description
- Amount charged
- Amount based on allocation of costs or market rates
- Amount charged modified or waived (Yes/No)

(3) Detail of material related party transactions involving exchange of assets and liabilities

- Name of related party
- Overview description
- Description of assets received
- Description of assets transferred
- Statement value of assets received
- Statement value of assets transferred
- Have terms changed from preceding period? (Yes/No)

(4) Detail of amounts owed to/from a related party

- Name of related party
- Aggregate reporting period amount due from
- Aggregate reporting period amount due to
- Amount offset in financial statement (if qualifying)
- Net amount recoverable/(payable) by related party
- Admitted recoverable

D. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

E. A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party. This shall include, but is not limited to, sale lease-back arrangements, computer or fixed asset leasing arrangements, and agency contracts that remove assets that may otherwise be recorded (and potentially nonadmitted) on the reporting entity's financial statements.

F. Any guarantees or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed.

G. The nature of the control relationship whereby the reporting entity and one or more other enterprises are under common ownership or control and the existence of that control could result in operating results or financial position of the reporting entity being significantly different from those that would have been obtained if the enterprises were autonomous. Disclose the relationship even though there are no transactions between the enterprises.

H. The amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity, in accordance with the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, "Procedures for Valuing Common Stocks and Stock Warrants."

Refer to *SSAP No. 25—Affiliates and Other Related Parties*,for accounting guidance.

I. For investment in an SCA entity that exceeds 10% of admitted assets of the reporting entity, disclose the following information:

(1) Disclose (i) the name of each SCA entity and percentage of ownership, (ii) the accounting policies of the reporting entity with respect to investments in these entities and (iii) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets, (i.e., goodwill, other nonadmitted assets, fair value or discounted fair value adjustments, adjustments pursuant to SSAP No. 25 and the accounting treatment of the difference).

(2) Disclose for each SCA entity for which a quoted market price is available, the aggregate value of each investment based on the quoted market price and the difference, if any, between the amount at which the investment is carried and the quoted market price.

(3) Present summarized information as to assets, liabilities, and results of operations for SCA entities either individually or in groups.

(4) The material effects of possible conversions, exercises or contingent issuances.

(5) If elected, or required to change the valuation method as described in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, a description of the reason for the change and the amount of adjustment recorded as unrealized gains or losses shall be disclosed. Also, disclose whether or not commissioner approval was obtained.

J. For investments in impaired SCA entities disclose in the year of an impairment write-down the following:

(1) A description of the impaired assets and the facts and circumstances leading to the impairment.

(2) The amount of the impairment and how fair value was determined.

K. If the investment in a foreign insurance subsidiary is calculated by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines, the interest rates and mortality assumptions used in the calculation as prescribed by the insurance department of the foreign country shall be disclosed.

L. If a reporting entity holds an investment in a downstream noninsurance holding company, the reporting entity may look-through the downstream noninsurance holding company to the value of (i) SCA entities having audited financial statements and/or (ii) joint ventures, partnerships, and/or limited liability companies having audited financial statements in which the downstream noninsurance holding company has a minor ownership interest or otherwise lacks control, i.e., ownership interest is less than 10% in lieu of obtaining an audit of the financial statements of the downstream noninsurance holding company (provided the limited exception to the audited financial statements requirement contained in *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities* applies).

If a reporting entity utilizes the look-through approach for the valuation of the downstream noninsurance holding company instead of obtaining audited financial statements of the downstream noninsurance holding company, the financial statements of the reporting entity shall include the following disclosures:

(1) The name of the downstream noninsurance holding company.

(2) The carrying value of the investment in the downstream non insurance holding company.

(3) The fact that the financial statements of the downstream noninsurance company are not audited.

(4) The fact that the reporting entity has limited the value of its investment in the downstream noninsurance holding company to the value contained in the audited financial statements, including adjustments required by this statement, of SCA entities and/or non-SCA SSAP No. 48 entities owned by the downstream noninsurance holding company and valued in accordance with *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*.

(5) The fact that all liabilities, commitments, contingencies, guarantees or obligations of the downstream noninsurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream noninsurance holding company, if not already recorded in the financial statements of the downstream noninsurance holding company.

M. All SCA investments

Reporting Enities shall disclose for all SCA investments (except 8bi entities).

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (except 8bi entities)

Disclose the percentage of ownership and aggregate total of all SCA entities (except 8bi entities) with detail of the aggregate gross value under SSAP No. 97, with the admitted and nonadmitted amounts reflected on the balance sheet. See SSAP No. 97 for additional guidance.

(2) NAIC Filing Response Information

Provide the following information regarding the NAIC response to the SCA filing (except 8bi entities).

- The type of NAIC filing
- The date of the NAIC filing
- The NAIC valuation for the SCA entity
- If a response was received from the NAIC
- If the NAIC disallowed the reporting entities valuation method
- If changes in the reported SCA amount were immaterial (I) or material (M)

N. Investment in Insurance SCAs

A reporting entity that reports an investment in an insurance SCA (per SSAP No. 97) for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices) shall disclose the following:

(1) A description of the accounting practice, with a statement that the practice differs from the NAIC statutory accounting practices and procedures.

(2) The monetary effect on net income and surplus reflected by the insurance SCA as a result of using an accounting practice that differed from NAIC statutory accounting practices and procedures.

The reported entity's investment in the insurance SCA per the audited statutory equity and the investment in the insurance SCA the reporting entity would have reported if the insurance SCA had completed statutory financial statements in accordance with the NAIC statutory accounting practices and procedures.

(3) Whether the RBC of the insurance SCA would have triggered a regulatory event had it not used a prescribed or permitted practice.

O. SCA and SSAP No. 48 Entity Loss Tracking

A reporting entity whose share of losses in an SCA or SSAP No. 48 entity exceeds its investment in the SCA or SSAP No. 48 entity shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA or SSAP No. 48 entity.) The disclosure shall apply beginning in the period the SCA or SSAP No. 48 entity investment initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP No. 48 entity investment is in a deficit position. Tracking shall cease once the investment in an SCA or SSAP No. 48 entity has been in a surplus position for one annual reporting period.

This disclosure shall include:

- The name of the SCA or SSAP No. 48 entity.
- The reporting entity's current period share of SCA or SSAP No. 48 entity net income (loss).
- The reporting entity's accumulated share of SCA or SSAP No. 48 entity losses not recognized during the period that the equity method was suspended.
- The reporting entity's share of the SCA or SSAP No. 48 entity equity, including negative equity.
- Whether a guaranteed obligation or commitment for financial support exists.
- The SCA or SSAP No. 48 entity's reported value.

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA or SSAP No. 48 entity have impacted other investments as required by INT 00-24: *EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee* and *EITF 99-10: Percentage Used to Determine the Amount of Equity Method Losses*.

Illustration:

B. The Company paid common stock dividends to the Parent Company, The ABC Insurance Company, on July 15, 20____, totaling $__________.

**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.**

C Transactions with related party who are not reported on Schedule Y

(1) Detail of Material Related Party Transactions

| Ref # | Date of Transaction | Name of Related Party | Nature of Relationship | Type of Transaction | Written Agreement (Yes/No) | Due Date | Reporting Period Date Amount Due From (To) |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Options for Type of Transaction:
- Loan
- Exchange of Assets or Liabilities (e.g., buys, sells and secured borrowing transactions)
- Management Services
- Cost-Sharing Agreement
- Other Transactions Involving Services
- Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)
- Other

(2) Detail of Material Related Party Transactions Involving Services

| Ref # | Name of Related Party | Overview Description | Amount Charged | Amount Based on Allocation of Costs or Market Rates | Amount Charged Modified or Waived (Yes/No) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | | | | | |

(3) Detail of Material Related Party Transactions Involving Exchange of Assets and Liabilities

a. Description of Transaction

| Ref # | Name of Related Party | Overview Description | Have Terms Changed from Preceding Period? (Yes/No) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

b. Assets Received

| Ref # | Name of Related Party | Description of Assets Received | Statement Value of Assets Received |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | |

c. Assets Transferred

| Ref # | Name of Related Party | Description of Assets Transferred | Statement Value of Assets Transferred |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | |

(4) Detail of Amounts Owed To/From a Related Party

| Ref # | Name of Related Party | Aggregate Reporting Period Amount Due From | Aggregate Reporting Period (Amount Due To) | Amount Offset in Financial Statement (if qualifying) | Net Amount Recoverable / (Payable) by Related Party | Admitted Recoverable |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | XXX | | | | | |

D. At December 31, 20____, the Company reported $_________ as amounts due to the Parent Company, The ABC Insurance Company. The terms of the settlement require that these amounts be settled within 30 days.

E. The Company has agreed to provide the Parent Company, The ABC Insurance Company, certain actuarial investment services with respect to the administration of certain large group insurance contracts that are subject to group experience rating procedures.

F. The Company has given XYZ Inc., an affiliated company, a standing commitment until January 1, 20____, in the form of guarantees in the event of a default of XYZ on various of its debt issues as disclosed in Note 14.

The Parent Company has agreed to provide collection services for certain contracts for the Company.

G. All outstanding shares of The Company are owned by the Parent Company, The ABC Insurance Company, an insurance holding company domiciled in the State of ______________.

H. The Company owns shares of the stock of its ultimate parent, The ABC Insurance Company. A wholly owned subsidiary of the Company, The XYZ Insurance Company, owns shares of The ABC Insurance Company. In accordance with NAIC Securities Valuation Office guidelines, the asset value of The ABC Insurance Company has been reduced by $__________, and the asset value of the XYZ Insurance Company has been reduced by $___________.

I. The Company owns a_______ % interest in ABC Non-Insurance Company, whose carrying value is equal to or exceeds 10% of the admitted assets of The Company. The Company carries ABC Non-Insurance Company at GAAP equity plus the remaining Goodwill balance of $__________. Goodwill is amortized on a straight-line basis over a ten-year period.

At 12/31/20__, The Company's interest in ABC Non-Insurance Company per the New York Stock Exchange quoted price was valued at $ __________, that was $ __________ in excess of the carrying value.

Based on The Company's ownership percentage of ABC Non-Insurance Company, the statement value of ABC Non-Insurance Company assets and liabilities as of 12/31/20__ were $ __________ and $__________, respectively.

The Company's share of net income of ABC Non-Insurance Company was $ __________ for the year ended 12/31/20__.

The Company has a 25% limited partnership interest in YXC Real Estate Partners. The partnership investment in office properties in the NE United States has been adversely affected by corporate restructuring. This has affected the value of the properties that resulted in the write-down of the Company's investment in XYC Real Estate Partners of $ __________ for the year ended 12/31/20__. The amount of the impairment was determined using appraisals from third parties.

J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

L. XYZ Company utilizes the look-through approach in valuing its investment in ABC Company at $______. ABC Company's financial statements are not audited and XYZ Company has limited the value of its investment in ABC Company to the value contained in the audited financial statements, including adjustments required by SSAP No. 97, of SCA entities and/or non-SCA SSAP No. 48 entities owned by the ABC Company and valued in accordance with SSAP No. 97. All liabilities, commitments, contingencies, guarantees or obligations of the ABC Company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in XYZ Company's determination of the carrying value of the investment in ABC Company, if not already recorded in the financial statements of ABC Company.

**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 THESE ILLUSTRATIONS.**

M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

| SCA Entity | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | |
| ........................................ | .............. | $ .............. | $ .............. | $ .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| Total SSAP No. 97 8a Entities | XXX | $ .............. | $ .............. | $ .............. |
| b. SSAP No. 97 8b(ii) Entities | | | | |
| ........................................ | .............. | $ .............. | $ .............. | $ .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| Total SSAP No. 97 8b(ii) Entities | XXX | $ | $ | $ |
| c. SSAP No. 97 8b(iii) Entities | | | | |
| ........................................ | .............. | $ .............. | $ .............. | $ .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| Total SSAP No. 97 8b(iii) Entities | XXX | $ | $ | $ |
| d. SSAP No. 97 8b(iv) Entities | | | | |
| ........................................ | .............. | $ .............. | $ .............. | $ .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| ........................................ | .............. | .............. | .............. | .............. |
| Total SSAP No. 97 8b(iv) Entities | XXX | $ | $ | $ |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d) | XXX | $ | $ | $ |
| f Aggregate Total (a+e) | XXX | $ | $ | $ |

(2) NAIC Filing Response Information

| SCA Entity<br>(Should be same entities as shown in M(1) above.) | Type of NAIC Filing* | Date of Filing to the NAIC | NAIC Valuation Amount | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N | Code** |
|---|---|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | | | |
| ........................................ | .......... | .................... | $.................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| Total SSAP No. 97 8a Entities | XXX | XXX | $ | XXX | XXX | XXX |
| b. SSAP No. 97 8b(ii) Entities | | | | | | |
| ........................................ | .......... | .................... | $.................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| Total SSAP No. 97 8b(ii) Entities | XXX | XXX | $ | XXX | XXX | XXX |
| c. SSAP No. 97 8b(iii) Entitiesi | | | | | | |
| ........................................ | .......... | .................... | $.................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| Total SSAP No. 97 8b(iii) Entities | XXX | XXX | $ | XXX | XXX | XXX |
| d. SSAP No. 97 8b(iv) Entities | | | | | | |
| ........................................ | .......... | .................... | $.................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| ........................................ | .......... | .................... | .................... | .......... | .................... | .......... |
| Total SSAP No. 97 8b(iv) Entities | XXX | XXX | $ | XXX | XXX | XXX |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d) | XXX | XXX | $ | XXX | XXX | XXX |
| f Aggregate Total (a+e) | XXX | XXX | $ | XXX | XXX | XXX |

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 2) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.**

N. Investment in Insurance SCAs

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

| SCA Entity<br>(Investments in Insurance SCA Entities) | Monetary Effect on NAIC SAP | | Amount of Investment | |
|---|---|---|---|---|
| | Net Income Increase (Decrease) | Surplus Increase (Decrease) | Per Audited Statutory Equity | If the Insurance SCA Had Completed Statutory Financial Statements * |
| ........................................ | $ .................... | $ .................... | $ .................... | $ .................... |
| ........................................ | $ .................... | $ .................... | $ .................... | $ .................... |
| ........................................ | $ .................... | $ .................... | $ .................... | $ .................... |
| ........................................ | $ .................... | $ .................... | $ .................... | $ .................... |
| ........................................ | $ .................... | $ .................... | $ .................... | $ .................... |

* Per AP&P Manual (without permitted or prescribed practices)

**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 THESE ILLUSTRATIONS.**

O. SCA or SSAP No. 48 Entity Loss Tracking

| 1<br>Entity | 2<br>Reporting Entity's Share of Net Income (Loss) | 3<br>Accumulated Share of Net Income (Losses) | 4<br>Reporting Entity's Share of Equity, Including Negative Equity | 5<br>Guaranteed Obligation / Commitment for Financial Support (Yes/No) | 6<br>Reported Value |
|---|---|---|---|---|---|
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**NOTE: This disclosure is only required for SCA or SSAP No. 48 entities in which the reporting entity's share of losses exceeds the investment in an SCA or SSAP No. 48 entity. (The SCA or SSAP No. 48 entity investment is in a negative equity position). This disclosure shall apply beginning in the period the investment in the SCA or SSAP No. 48 entity equity initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP No. 48 entity investment is in a negative equity position. The disclosure is required whenever an investment in an SCA or SSAP No. 48 entity is in a negative equity position and in the first year subsequent to the negative equity position in which a positive equity position has been attained.**

**For Column 6, as detailed in SSAP No. 97 and SSAP No. 48, once the reporting entity's share of losses equals or exceeds the investment in the SCA or SSAP No. 48 entity, the SCA or SSAP No. 48 entity shall be reported at zero, with discontinuation of the equity method, unless there is a guaranteed obligation or a commitment for future financial support. If there is a guaranteed obligation or a commitment for future financial support, the guarantee requirement shall be recognized pursuant to SSAP No. 5R, and the reporting entity shall report the investment in the SCA or SSAP No. 48 entity reflecting its share of losses as a contra-asset. *(Disclosure of the guarantee or commitment would be captured in Note 14 and is not duplicated in this disclosure.)***

## 11. Debt

<u>Instruction:</u>

A. Disclose the following items related to debt, including capital notes. Refer to *SSAP No. 15—Debt and Holding Company Obligations* for accounting guidance:

(1) Date issued;

(2) Pertinent information concerning the kind of borrowing (e.g., debentures, commercial paper outstanding, bank loans, capital notes and lines of credit).

(3) Face amount of the debt;

(4) Carrying value of debt;

(5) The rate at which interest accrues;

(6) The effective interest rate;

(7) Collateral requirements;

(8) Interest paid in the current year;

(9) A summary of significant debt terms and covenants and any violations;

(10) The combined aggregate amount of maturities and sinking fund requirements for each of the five years following the latest balance sheet presented;

(11) If debt was considered to be extinguished by in-substance defeasance prior to the effective date of this statement and any of the debt remains outstanding, a general description of the transaction and the amount of debt that is considered extinguished at the end of the period.

(12) A description of the terms of reverse repurchase agreements whose amounts are included as part of debt.

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

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

(2) FHLB Capital Stock

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

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

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

b. For membership stock (Class A and Class B), report the amount of FHLB capital stock eligible and not eligible for redemption (for FHLB membership stock to be eligible for redemption, written notification must have been provided to the FHLB prior to the reporting date) and the anticipated time frame for redemption showing:

- Total Current Year
- Not Eligible for Redemption
- Less than 6 months
- 6 months to 1 year
- 1 year to 3 years
- 3 year to 5 years

(3) Collateral Pledged to FHLB

a. Amount (fair value and carrying value) of collateral pledged to the FHLB as of the reporting date and total aggregate borrowing.

b. Maximum amount of collateral (fair value and carrying amount) pledged to the FHLB at any time during the current reporting period and amount borrowed at time of maximum collateral. (Maximum shall be determined on the basis of carrying value, but with fair amount also reported.)

(4) Borrowing from FHLB

a. Aggregate amount of borrowings from the FHLB, reflecting compilation of all advances, loans, funding agreements, repurchase agreements, securities lending, etc., outstanding with the FHLB, and classify whether the borrowing is in substance:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other
- Aggregate Total

For funding agreements, report the total reserves established.

b. Report the maximum amount of aggregate borrowings from an FHLB at any time during the current reporting period for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other
- Aggregate Total

c. Disclose whether current borrowings are subject to prepayment penalties for:

- Debt (*SSAP No. 15—Debt and Holding Company Obligations*)
- A funding agreement (*SSAP No. 52—Deposit-Type Contracts*)
- Other



Illustration:

A. 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 __________. 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. 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.

The company does not have any reverse repurchase agreements.

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 2 THROUGH 4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of _________. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company’s strategy to utilize these funds as_______. (For example backup liquidity, to increase profitability, as tactical funding and/or to improve spread lending liquidity.) The Company has determined the actual/estimated maximum borrowing capacity as $____, The Company calculated this amount in accordance with _______ (e.g., current FHLB capital stock, limitations in the FHLB capital plan, current and potential acquisitions of FHLB capital stock, etc.).

(2) FHLB Capital Stock

a. Aggregate Totals

| | Total |
|---|---|
| 1. Current Year | |
| (a) Membership Stock – Class A | ............................ |
| (b) Membership Stock – Class B | ............................ |
| (c) Activity Stock | ............................ |
| (d) Excess Stock | ............................ |
| (e) Aggregate Total (a+b+c+d) | ............................ |
| (f) Actual or Estimated Borrowing Capacity as Determined by the Insurer | ............................ |
| 2. Prior Year-end | |
| (a) Membership Stock – Class A | ............................ |
| (b) Membership Stock – Class B | ............................ |
| (c) Activity Stock | ............................ |
| (d) Excess Stock | ............................ |
| (e) Aggregate Total (a+b+c+d) | ............................ |
| (f) Actual orEestimated Borrowing Capacity as Determined by the Insurer | ............................ |

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

| | 1 | 2 | Eligible for Redemption | | | |
|---|---|---|---|---|---|---|
| | | | 3 | 4 | 5 | 6 |
| Membership Stock | Current Year Total (2+3+4+5+6) | Not Eligible for Redemption | Less Than 6 Months | 6 Months to Less Than 1 Year | 1 to Less Than 3 Years | 3 to 5 Years |
| 1. Class A | .................... | .................... | .................... | .................... | .................... | .................... |
| 2. Class B | .................... | .................... | .................... | .................... | .................... | .................... |

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

| | 1<br>Fair Value | 2<br>Carrying Value | 3<br>Aggregate Total Borrowing |
|---|---|---|---|
| 1. Current Year Total Collateral Pledged | ............................... | ................................ | ............................... |
| 2. Prior Year-end Total Collateral Pledged | ............................... | ................................ | ............................... |

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3, respectively)

11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3, respectively)

b. Maximum Amount Pledged During Reporting Period

| | 1<br>Fair Value | 2<br>Carrying Value | 3<br>Amount Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| 1. Current Year Total Maximum Collateral Pledged | ............................... | ................................ | ............................... |
| 2. Prior Year-end Total Maximum Collateral Pledged | ............................... | ................................ | ............................... |

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

| | Total | Funding Agreements Reserves Established |
|---|---|---|
| 1. Current Year | | |
| (a) Debt | ............................ | XXX |
| (b) Funding Agreements | ............................ | ................................. |
| (c) Other | ............................ | XXX |
| (d) Aggregate Total (a+b+c) | ............................ | ................................. |
| 2. Prior Year-end | | |
| (a) Debt | ............................ | XXX |
| (b) Funding Agreements | ............................ | ................................. |
| (c) Other | ............................ | XXX |
| (d) Aggregate Total (a+b+c) | ............................ | ................................. |

b. Maximum Amount during Reporting Period (Current Year)

| | | Total |
|---|---|---|
| 1. | Debt | ................................. |
| 2. | Funding Agreements | ................................. |
| 3. | Other | ................................. |
| 4. | Aggregate Total (Lines 1+2+3) | ................................. |

11B(4)b4 should be equal to or greater than 11B(4)a1(d)

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* for additional guidance.

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) 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.

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

- Discount rate
- Rate of compensation increase (for pay-related plans)
- Expected long-term rate of return on plan assets
- Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)

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

(9) 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.

(10) 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.

(11) 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.

(12) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets.

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

(14) 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.

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

(16) An explanation of the following information:

- The reasons for significant gains and losses related to changes in the defined benefit obligation for the period.
- Any other significant change in the benefit obligation or plan assets not otherwise apparent in the other required disclosures in this statement.

(17) 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.

(18) 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 | $_____________ | $_____________ | $_____________ | $_____________ |

**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) 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) 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.)**

(7) 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 | _______ | _______ |
| d. | Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | _______ | _______ |

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

| | | 20__ | 20__ |
|---|---|---|---|
| e. | Weighted-average discount rate | _______ | _______ |
| f. | Rate of compensation increase | _______ | _______ |
| g. | Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | _______ | _______ |

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.

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

(9) 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.

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(10) 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__ | $ __________________ |

(11) 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____.

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

(18) 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.

A. 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.

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

C. Dividend restrictions, if any, and an indication if the dividends are cumulative.

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

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

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

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

H 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

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

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

K 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:

- Date issued
- Description and fair value of the assets received
- Holder of the note or, if public, the names of the underwriter and trustee with identification on whether the holder of the surplus note is a related party per SSAP No. 25
- Original issue amount of note
- Carrying value of note (current year and prior year)
- The rate at which interest accrues
- Maturity dates or repayment schedules, if stated
- Unapproved interest and/or principal
- Approved interest recognized and principal paid current year and life-to-date
- Percentage of interest payments offset through administrative offsetting (not inclusive of amounts paid to a 3rd party liquidity provider). I.E. if $100 in interest was recognized through the year, $10 of which was remitted to a 3rd party liquidity provider and the reminder $90 was offset, the reporting entity shall report 100% as offset.
- Disclosure of whether the surplus note was issued as part of a transaction with any of the following attributes:
    - ❖ Do surplus note/associated asset terms negate or reduce cash flow exchanges, and/or are amounts payable under surplus note and amounts receivable under other agreements contractually linked (For example, the asset provides interest payments only when the surplus note provides interest payments).
    - ❖ Are any amounts due under surplus notes and associated assets netted or offset (partially or in full) thus eliminating or reducing the exchange of cash or assets that would normally occur throughout the duration, or at maturity, of the agreement (This may be referred to as administrative offsetting.)
    - ❖ Were the proceeds from the issuance of a surplus note used to purchase an asset directly or indirectly from the holder of the surplus note.

- Principal amount value of assets received upon Surplus Note issuance, if applicable.
- Subordination terms
- Liquidation preference to the reporting entity's common and preferred shareholders
- The repayment conditions and restrictions
- Information about any guarantees, support agreements, or related party transactions associated with the surplus note issuance, and whether payments have been made under such agreements.

  If a reporting entity has ceded business to a surplus note issuer that is a related party as part of a reinsurance transaction in which the surplus note meets any of the criteria above, the ceding entity shall provide a description of the transaction, including whether the criteria above were met with respect to the surplus note issuance, as long as the reinsurance agreement remains in force.

  The ceding entity should provide a description of the risks reinsured, the related party reinsurer, any guarantees or support agreements and the amount of notes outstanding.
- If the proceeds from the issuance of a surplus note used to purchase an asset directly or indirectly from the holder of the surplus note, the following information shall be disclosed regarding the assets received:
  - ❖ Identification of asset, including the investment schedule where the asset is reported and reported NAIC designation;
  - ❖ Book/adjusted carrying value of asset as of the current reporting date.
  - ❖ A description of terms under which liquidity would be provided should a triggering event occur.
- 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.

**NOTE: For the table illustrated for the disclosures above provide an "Item Number" (4 digits) to identify each surplus note being disclosed and should remain the same between years.**

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

M The effective date of a quasi-reorganization for a period of ten years following the reorganization.

Illustration:

A The Company has ________ shares authorized, ________ shares issued and ________ shares outstanding. All shares are Class A shares.

B The Company has no preferred stock outstanding.

C 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.

D An ordinary dividend in the amount of $ _________ on _________ was paid by the Company.

E 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.

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

G The total amount of advances to surplus not repaid is $_________.

H 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

I Changes in balances of special surplus funds from the prior year are due to: ________________________
______________________________________________________________________________________

J The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $ ___________

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

K The Company issued the following surplus debentures or similar obligations:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Item Number | Date Issued | Interest Rate | Original Issue Amount of Note | Is Surplus Note Holder a Related Party (Y/N) | Carrying Value of Note Prior Year | Carrying Value of Note Current Year * | Unapproved Interest And/Or Principal |
| ............. | ....................... | .............. | $ ......................... | ......................... | $ ......................... | $ ......................... | $ ......................... |
| ............. | ....................... | .............. | ......................... | ......................... | ......................... | ......................... | ......................... |
| ............. | ....................... | .............. | ......................... | ......................... | ......................... | ......................... | ......................... |
| Total | XXX | XXX | $ | XXX | $ | $ | $ |

* Total should agree with Page 3, Line 28.

| 1 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|
| Item Number | Current Year Interest Expense Recognized | Life-To-Date Interest Expense Recognized | Current Year Interest Offset Percentage (not including amounts paid to a 3rd party liquidity provider). | Current Year Principal Paid | Life-To-Date Principal Paid | Date of Maturity |
| ............. | $ ......................... | $ ......................... | ................................ | $ ......................... | $ ......................... | ................................ |
| ............. | ......................... | ......................... | ................................ | ......................... | ......................... | |
| ............. | ......................... | ......................... | ................................ | ......................... | ......................... | ................................ |
| Total | $ | $ | XXX | $ | $ | XXX |

| 1 | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|
| Item Number | Are Surplus Note payments contractually linked? (Y/N) | Surplus Note payments subject to administrative offsetting provisions? (Y/N) | Were Surplus Note proceeds used to purchase an asset directly from the holder of the surplus note? (Y/N) | Is Asset Issuer a Related Party (Y/N) | Type of Assets Received Upon Issuance |
| ............. | ....................... | ....................... | ....................... | ....................... | ........................................................................................ |
| ............. | ....................... | ....................... | ....................... | ....................... | ........................................................................................ |
| ............. | ....................... | ....................... | ....................... | ....................... | ........................................................................................ |
| Total | XXX | XXX | XXX | XXX | XXX |

| 1 | 20 | 21 | 22 |
|---|---|---|---|
| Item Number | Principal Amount of Assets Received Upon Issuance | Book/Adjusted Carry Value of Assets | Is Liquidity Source a Related Party to the Surplus Note Issuer? (Y/N) |
| ............. | $ .......................... | $ ......................... | .................... |
| ............. | .......................... | ......................... | .................... |
| ............. | .......................... | ......................... | .................... |
| Total | $ | $ | XXX |

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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L 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.* | | |

M 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.

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. 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.

F. 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 Impairments 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. 21R—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.

Illustration:

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: $ _____________.

**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)

| 1<br>Nature and circumstances of guarantee and key attributes, including date and duration of agreement. | 2<br>Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R.) | 3<br>Ultimate financial statement impact if action under the guarantee is required. | 4<br>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. | 5<br>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)

<u>Where Amount is Unknown</u>

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.

<u>Where Amount is Known (Retrospective Example)</u>

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.

<u>Where Amount is Known (Prospective Example)</u>

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 *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.

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.

**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. 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 [ ]

F. 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 assets that it considers to be impaired.

**15. Leases**

Instruction:

A. Disclose the following items related to lessee leasing arrangements (refer to *SSAP No. 22R—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; and

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.

Illustration:

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.

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(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.

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

(2) Leveraged Leases

b. 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. Credit risk is managed 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**

<u>Instruction:</u>

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 prepayable 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 prepayable 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 and is only applicable for sales and purchases that cross quarter-end or year-end reporting periods on Dec. 20, 2020, and reacquired on Jan. 10, 2021, the transaction shall be captured in the wash sale disclosure included in the year-end 2020 financial statements, while an investment sold on May 1, 2020 and reacquired on May 20, 2020 would not be required to be disclosed. (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.

**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) 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**

Title Companies should not complete this Note, not applicable.

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

Title Companies should not complete this Note, not applicable.

**20. Fair Value Measurements**

Instruction:

A. The objective of the disclosure requirements is to provide information about assets and liabilities measured at fair value in the financial statements as well as fair value amounts disclosed in the Notes to Financial Statements or reporting schedules:

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.)

(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 and the reasons for those transfers. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

(3) A reporting entity shall 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.

(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. 22R—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. A reporting entity shall disclose 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 period of time over which the underlying assets are expected to be liquidated by the investees if the investee has communicated the timing to the reporting entity or announced the timing publicly. If the timing is unknown, the reporting entity shall disclose that fact.

- 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 (e.g., 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 when the restriction from redemption might lapse if the investee has communicated that timing to the reporting entity or announced the timing publicly. If the timing is unknown, 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 (e.g., 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 | $ | $ | $ | $ | $ |

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 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 of 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 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 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 statement 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.

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

Disclose the amount of the aggregate cash surrender value that is within investment vehicles and percentage by the following investment category:

- Bonds
- Stocks
- Mortgage Loans
- Real Estate
- Cash and Short-Term Investments
- Derivatives
- Other Invested Assets *

* Investments in private funds/hedge funds shall be reported as other invested assets

<u>Illustration:</u>

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" on the Operations and Investment Exhibit.

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.

**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) 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.**

(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

| Management of Risk Related To: | Number of Outstanding ILS Contacts | Aggregate Maximum Proceeds |
|---|---|---|
| (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 | | |

**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.**

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

| | | |
|---|---|---|
| (1) | Amount of admitted balance that could be realized from an investment vehicle | $ __________ |
| (2) | Percentage Bonds | __________% |
| (3) | Percentage Stocks | __________% |
| (4) | Percentage Mortgage Loans | __________% |
| (5) | Percentage Real Estate | __________% |
| (6) | Percentage Cash and Short-Term Investments | __________% |
| (7) | Percentage Derivatives | __________% |
| (8) | Percentage Other Invested Assets | __________% |

## 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.

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.

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.

## 23. Reinsurance

Instruction:

A. Unsecured Reinsurance Recoverables

If the company has with any individual reinsurers (authorized, reciprocal jurisdiction, 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 entity.

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 entity (and/or affiliate) exceeds 5% of the ceding entity's surplus as regards policyholder or if the aggregate of all disputed items exceeds 10% of the ceding entity'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 recoverable in dispute.

C. Reinsurance Assumed and Ceded

(1) Report the maximum amount of return commission which 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.

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, reciprocal jurisdiction, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers) and for amounts recoverable the collateral held (for unauthorized and certified reinsurers).

The entity (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. 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; and
- 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.

<u>Illustration:</u>

A. Unsecured Reinsurance Recoverables

**NOTE: The tables below will not be data captured**

Individual Reinsurers with Unsecured Reinsurance Recoverables Exceeding 3% of Policyholder Surplus

Individual Reinsurers Who Are Not Members of a Group

| FEIN | Reinsurer Name | Unsecured Amount |
|---|---|---|
| .............................. | .............................................................................................................. | $ .............................. |
| .............................. | .............................................................................................................. | $ .............................. |
| .............................. | .............................................................................................................. | $ .............................. |
| .............................. | .............................................................................................................. | $ .............................. |
| .............................. | .............................................................................................................. | $ .............................. |

Individual Reinsurers Who Are Members of a Group

| Group Code | FEIN | Reinsurer Name | Unsecured Amount |
|---|---|---|---|
| .......... | .............................. | .............................................................................................................. | $ .............................. |
| .......... | .............................. | .............................................................................................................. | $ .............................. |
| .......... | .............................. | .............................................................................................................. | $ .............................. |
| .......... | .............................. | .............................................................................................................. | $ .............................. |
| .......... | .............................. | .............................................................................................................. | $ .............................. |

All Members of the Groups Shown above with Unsecured Reinsurance Recoverables

| Group Code | FEIN | Reinsurer Name | Unsecured Amount |
|---|---|---|---|
| 123 | ............................. | .......................................................................................................... | XXX |
| 123 | ............................. | .......................................................................................................... | XXX |
| 123 | | | XXX |
| Total 123 | | | $ .............................. |
| 456 | ............................. | .......................................................................................................... | XXX |
| 456 | | | XXX |
| Total 456 | | | $ .............................. |
| 789 | ............................. | .......................................................................................................... | XXX |
| 789 | ............................. | .......................................................................................................... | *XXX* |
| 789 | ............................. | .......................................................................................................... | XXX |
| 789 | | | *XXX* |
| Total 789 | | | $ .............................. |

**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 | | | $ ______ | | | |

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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 are accrued as follows:

| | | Direct | Assumed | Ceded | Net |
|---|---|---|---|---|---|
| a. | Contingent Commission | $ _______ | $ _______ | $ _______ | $ _______ |
| b. | Sliding Scale Adjustments | $ _______ | $ _______ | $ _______ | $ _______ |
| c. | Other Profit Commission Arrangements | $ _______ | $ _______ | $ _______ | $ _______ |
| d. | Total | $ _______ | $ _______ | $ _______ | $ _______ |

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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 |
| | XYZ | $ ______________ |
| | ZYX | $ ______________ |

**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. 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 which are reflected as:

| | | |
|---|---|---|
| (1) | Losses incurred | $ ______________ |
| (2) | Loss adjustment expenses incurred | $ ______________ |
| (3) | Premiums earned | $ ______________ |
| (4) | Other | $ ______________ |
| (5) | Company | Amount |
| | XYZ | $ ______________ |
| | ZYX | $ ______________ |

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F. Retroactive Reinsurance

(1)

| | Reported Company<br>As:<br>Assumed | <br><br>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:

| Assumed Company | Amount | Ceded Company | 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, reciprocal jurisdiction, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized and certified 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 | $ | $ | $ |

4. Reciprocal Jurisdiction Reinsurers

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

H. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

**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) 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.

**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) 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.

**24. Retrospectively Rated Contracts & Contract Subject to Redetermination**

Title Companies should not complete this Note, not applicable.

**25. Change in Incurred Losses and Loss Adjustment Expenses**

Instruction:

A. Describe the reasons for changes in the provision for incurred claim and claim 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).

For Title reporting entities, "provision" refers to the known claims reserve included in Line 1 of the Liabilities page and "prior years" refers to prior report years.

B. Information about significant changes in methodologies and assumptions used in calculating the liability for unpaid claims and claim 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**

Title Companies should not complete this Note, not applicable.

## 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. Supplemental Reserve

Instruction:

With regard to the supplemental reserve, the reporting entity shall disclose the following:

A. Whether discounting was used in the calculation of the supplemental reserve;

B. The method and rate used to determine the discount;

C. The amount of such discount.

Illustration:

The Company does not use discounting in the calculation of its supplemental reserve.

## 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., 10.0%, 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 Report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions.

24.05 Report amount of collateral for other programs.

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

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

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

24.093 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.

<u>Name of Firm or Individual:</u>

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

<u>Affiliation:</u>

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 invested assets (Line 12 of the Asset page), 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 invested assets (Line 12 of the Asset page), 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.

Name of Firm or Individual:

Should be name of firm or individual provided for 28.05

Central Registration Depository Number

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

Legal Entity Identifier (LEI)

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

Registered With:

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

Investment Management Agreement (IMA) Filed:

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

DS If the current IMA has been filed with the state of domicile regardless if it was also filed with another state.

OS If the current IMA has been filed with a state(s) other than the state of domicile but not the state of domicile

NO If the current IMA has not been filed with any state

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**

37. 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.

38. 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. 37 and No. 39.

39. 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. 37 and No. 38.

## 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 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 42 and 43 should be based upon the book/adjusted carrying value of the asset, which is consistent with the other affiliated investments.

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.



**Source of Direct Title Premiums Written**

All years ................................. Operations and Investment Exhibit, Part 1A

Line 1 – Direct Operations

All years ................................. Part 1A, Line 1, Column 1

Line 2 – Non Affiliated Agency Operations

All years ................................. Part 1A, Line 1, Column 2

Line 3 – Affiliated Agency Operations

All years ................................. Part 1A, Line 1, Column 3

**Operating Income Summary**

All years ................................. Page 4 and Operations and Investment Exhibit (Part 1A& 1B)

Line 5 – Premiums Earned

All years ................................. Part 1B, Line 3

Line 6 – Escrow and Settlement Service Charges

All years ................................. Part 1A, Line 2, Column 4

Line 7 – Title Examinations

All years ................................. Part 1A, Line 3, Column 4

Line 8 – Searches and Abstracts

All years ................................. Part 1A, Line 4, Column 4

Line 9 – Surveys

All years ................................. Part 1A, Line 5, Column 4

Line 10 – Aggregate Write-ins for Service Charges

All years ................................. Part 1A, Line 6, Column 4

Line 11 – Other Operating Income

All years ................................. Page 4, Line 2

Line 12 – Total Operating Income

All years ................................. Page 4, Line 3

**<u>Statement of Income</u>**

Line 13 – Net Operating Gain or (Loss)

All years ................................. Page 4, Line 8

Line 14 – Net Investment Gain or (Loss)

All years ................................. Page 4, Line 11

Line 15 – Total Other Income

All years ................................. Page 4, Line 12

Line 16 – Federal and Foreign Income Taxes Incurred

All years ................................. Page 4, Line 14

Line 17 – Net Income

All years ................................. Page 4, Line 15

**<u>Balance Sheet</u> (Pages 2 and 3)**

Line 18 – Title Insurance Premiums and Fees Receivable

All years ................................. Page 2, Line 15, Column 3

Line 19 – Total Admitted Assets excluding Segregated Accounts

All years ................................. Page 2, Line 26, Column 3

Line 20 – Known Claims Reserve

All years ................................. Page 3, Line 1

Line 21 – Statutory Premium Reserve

All years ................................. Page 3, Line 2

Line 22 – Total Liabilities

All years ................................. Page 3, Line 23

Line 23 – Capital Paid Up

All years ................................. Page 3, Lines 25 + 26

Line 24 – Surplus as Regards Policyholders

All years ................................. Page 3, Line 32

**Cash Flow (Page 5)**

Line 25 – Net cash from operations

All years ................................. Line 11

**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 26 – Bonds

All years ................................. Page 2, Line 1

Line 27 – Stocks

All years ................................. Page 2, Lines 2.1 and 2.2

Line 28 – Mortgage Loans on Real Estate

All years ................................. Page 2, Lines 3.1 and 3.2

Line 29 – Real Estate

All years ................................. Page 2, Lines 4.1, 4.2 and 4.3

Line 30 – Cash, Cash Equivalents and Short-term Investments

All years ................................. Page 2, Line 5

Line 31 – Contract Loans

All years ................................. Page 2, Line 6

Line 32 – Derivatives

All years ................................. Page 2, Line 7

Line 33 – Other Invested Assets

All years ................................. Page 2, Line 8

Line 34 – Receivable for Securities

All years ................................. Page 2, Line 9

Line 35 – Securities Lending Reinvested Collateral Assets

All years ................................. Page 2, Line 10

Line 36 – Aggregate Write-ins for Invested Assets

All years ................................. Page 2, Line 11

Line 37 – Subtotals Cash, Cash Equivalents & Invested Assets

All years ................................. Page 2, Line 12

**Investment in Parent, Subsidiaries and Affiliates**

Line 38 – Affiliated Bonds

All years ................................. Schedule D Summary, Line 12, Column 1

Line 39 – Affiliated Preferred Stock

All years ................................. Schedule D Summary, Line 18, Column 1

Line 40 – Affiliated Common Stock

All years ................................. Schedule D Summary, Line 24, Column 1

Line 41 – Affiliated Short-term Investments

All years ................................. Subtotal included in Schedule DA, Verification Between Years, Column 5, Line 10

Line 45 – Total Investment in Parent

Report the amount of investments reported in Lines 38 to 43 above that are in an immediate or indirect parent.

Line 46 – Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards to Policyholders

All years ................................. Line 44 divided by Page 3, Line 32, Column 1 x 100.0

**Capital and Surplus Accounts**

Line 47 – Net Unrealized Capital Gains (Losses)

All years ................................. Page 4, Line 18

Line 48 – Change in Nonadmitted Assets

All years ................................. Page 4, Line 21

Line 49 – Dividends to Stockholders

All years ................................. Page 4, Line 28

Line 50 – Change in Surplus as Regards Policyholders

All years ................................. Page 4, Line 31

**Losses Paid and Incurred**

All years ................................. Operations and Investment Exhibit, Part 2A

Line 51 – Net Payments

All years ................................. Part 2A, Line 5, Column 4

Line 52 – Losses and Allocated LAE Incurred

All years ................................. Part 2A Line 8, Column 4

Line 53 – Unallocated LAE Incurred

All years ................................. Part 2A, Line 9, Column 4

Line 54 – Losses and Loss Adjustment Expenses Incurred

All years ................................. Part 2A, Line 10, Column 4

**Operating Expenses to Total Operating Income**

All years ................................. (Operations and Investment Exhibit, Part 3) (%) (Line item divided by Page 4, Line 3 x 100.0)

Line 55 – Personnel Costs

All years ................................. Part 3, Line 1.5, Column 4

Line 56 – Amounts Paid To Or Retained By Title Agents

All years ................................. Part 3, Line 2, Column 4

Line 57 – All Other Operating Expenses

All years ................................. Part 3, Lines 24 minus 1.5 minus 2, Column 4

**Operating Percentages**

All years ................................. (Line item divided by Page 4, Line 3 x 100.0)

Line 59 – Losses & Loss Adjustment Expenses Incurred

All years ................................. Page 4, Line 4

Line 60 – Operating Expenses Incurred

All years ................................. Page 4, Line 5

Line 61 – Other Operating Expenses

All years ................................. Page 4, Line 6

Line 62 – Total Operating Deductions

All years ................................. Page 4, Line 7

Line 63 – Net Operating Gain or (Loss)

All years ................................. Page 4, Line 8

**Other Percentages**

All years ................................. (Line item divided by Part 1B, Line 1.4 x 100.0)

Line 64 – Losses and Loss Expenses Incurred to Net Premiums Written

All years ................................. Page 4, Line 4

Line 65 – Operating Expenses Incurred to Net Premiums Written

All years ................................. Page 4, Line 5

**One-Year Schedule P, Part 2 Development (000 omitted)**

Line 66 – Development in Estimated Losses and ALAE on Policies Effective Before Current Year

All years ................................. Schedule P, Part 2 Summary, Line 22, Column 11

Line 67 – Percent of Such Development to Policyholders' Surplus of Prior Year-End

All years ................................. Five-Year Historical, Line 66 divided by Page 4, Line 16, Column 1 x 100.0

**One-Year Schedule P, Part 3 Development (000 omitted)**

Line 68 – Development in Estimated Losses and ALAE for Claims Reported Before Current Year

All years ................................. Schedule P, Part 3 Summary, Line 12, Column 11

Line 69 – Percent of Such Development to Policyholders' Surplus of Prior Year-End

All years ................................. Five-Year Historical, Line 68 divided by Page 4, Line 16, Column 1 x 100.0

**Two-Year Schedule P, Part 2 Development (000 omitted)**

Line 70 – Development in Estimated Losses and ALAE on Policies Effective Before Prior Year-End

All years ................................. Schedule P, Part 2 Summary Line 22, Column 12

Line 71 – Percent of Such Development to Reported Policyholders' Surplus of Second Prior Year-End

All years ................................. Five-Year Historical, Line 70 divided by Page 4, Line 16, Column 2 x 100.0

**Two-Year Schedule P, Part 3 Development (000 omitted)**

Line 72 – Development in Estimated Losses and ALAE for Claims Reported Before Prior Year-End

All years ................................. Schedule P, Part 3 Summary, Line 12, Column 12

Line 73 – Percent of Such Development to Reported Policyholders' Surplus of Second Prior Year-End

All years ................................. Five-Year Historical, Line 72 divided by Page 4, Line 16, Column 2 x 100.0

This page intentionally left blank.

State Page

## EXHIBIT OF PREMIUMS AND LOSSES

## DIRECT BUSINESS IN THE STATE OF...

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.

Column 1 – Number of Policies Issued During the Year

The number of policies issued means the number of original owner's policies and single issue loan policies issued but not simultaneous issue loan policies or closing protection letters.

Column 2 – Direct Amount of Insurance Written in Millions

The amount of liability to be reported is the policy face (direct of reinsurance) in those cases not involving a simultaneous issue of multiple policies. In determining the amount of liability to be reported in case of simultaneous issue of an owner's policy and a mortgage policy, include the higher liability policy only.

This amount is reported in millions of dollars **($000,000 omitted)**.

Column 3 – Direct Premiums Written

Total to agree with Schedule T, Columns 3, 4 and 5, for the appropriate state and segment.

Column 4 – Other Income on Policies Issued for the Type of Business

Total to agree with Schedule T, Column 6, for the appropriate state.

Include other income not from policies issued (including services provided to agents or attorneys for a fee) in Rows 1.10, 2.10, 3.10 and 4.10, "All Other."

Column 5 – Amounts Paid to or Retained by Title Agents

Total to agree with Operations and Investment Exhibit, Part 3, Column 4, Line 2.

Column 6 – Taxes, Licenses and Fees Incurred

Total to agree with Operations and Investment Exhibit, Part 3, Column 8, Line 20.5.

Column 7 – Net Premiums Earned

Total to agree with Schedule T, Column 7, for the appropriate state.

Column 8 – Direct Losses Paid

The total of direct losses paid (Column 8) plus direct allocated loss adjustment expenses paid (Column 9) to agree with Schedule T, Column 8, for the appropriate state.

Column 9 – Direct Allocated Loss Adjustment Expenses Paid

See instructions for Column 8.

Column 10 – Direct Losses and Allocated Loss Adjustment Expenses Incurred

Total to agree with Schedule T, Column 9, for the appropriate state.

Column 11 – Direct Known Claim Reserve

Total to agree with Schedule T, Column 10, for the appropriate state.

Type of Rate Code

Specify the type of rate code in accordance with the reporting instructions for Schedule T. Show only those codes for the types of rates in use in the particular state. If more than one type of rate is used in a state, follow the example below.

Row 1 – Show the type of rate code with the largest direct written premium (example "RSXCE").

Row 2 – Show the second-largest direct written premium (example "RSXC").

Row 3 – If there are exactly three rate types within the state, show the smallest direct written premium. If there are more than three rate types, show all remaining rate types combined and identify the third-largest rate type (example "RSX").

Row 4 – Total of Rows 1 through 3.

For the individual state pages, determination of the type of rate code with the largest and second-largest direct written premium based on premium written in that state.

For the Grand Total page, determination of the type of rate code with the largest and second-largest direct written premium based premium written in all states combined.

Because the type of rate code shown for Rows 1 through 3 by state and on the Grand Total page may vary, the amounts for Rows 1 through 3 of the individual state pages may not sum to the amounts shown on the Grand Total page. The sum of the amounts reported by state for Row 4 should equal the amount reported for Row 4 on the Grand Total page.

Lines 1 to 4

Residential Policies and Non-Residential Policies

All policies insuring title to real property must be classified as either residential or non-residential (do not classify policies as "other"). Residential policies mean title insurance policies that insure the title to real property having a house, individual condominium unit, mobile home permanently affixed to real estate, or other dwelling unit intended principally for the occupancy of from one to four (1–4) families, but does not include multi-family structures intended for the use of 5+ families, undeveloped lots, or real estate intended principally for business, commercial, industrial, religious, educational or agricultural purposes, even if some portion of the real estate is used for residential purposes.

Report policies insuring title to personal property as a separate write-in in Line 0501.

Policies Issued Directly, Policies Issued by Non-Affiliated Agents and Policies Issued by Affiliated Agents

For definitions of type of issuing entity, see the instructions for Operations and Investment Exhibit, Part 1A.

Sub-lines

"X.10" – All Other

Show as a separate item other income not from policies issued (including services provided to agents or attorneys for a fee) in "All Other."

Line 5 – Aggregate Write-In for Line 5

Show business not applicable to Lines 1 to 4.

Details of Write-In at Line 5

List separately the types of business listed in Line 5, Write-In.

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## SCHEDULE E – PART 1D

## SUMMARY – SEGREGATED FUNDS HELD FOR OTHERS AND COMPANY FUNDS ON HAND AND ON DEPOSIT

Line 1 – Open Depositories

Column 1 should agree with Schedule E, Part 1A, Column 3, Line 0399999, Total Open Depositories.

Column 2 should agree with Schedule E, Part 1B, Column 5, Line 0399999, Total Open Depositories.

Line 2 – Suspended Depositories

Column 1 should agree with Schedule E, Part 1A, Column 3, Line 0499999 Total Suspended Depositories.

Column 2 should agree with Schedule E, Part 1B, Column 5, Line 0499999 Total Suspended Depositories.

NOTE Balances in Suspended Depositories should be included with the amount reported on the Exhibit of Nonadmitted Assets, Line 5.

Line 9 – Open Depositories, Reinsurance Reserve Funds

Should agree with Schedule E, Part 1C, Column 5, for open depositories.

Line 10 – Suspended Depositories, Reinsurance Reserve Funds

Should agree with Schedule E, Part 1C, Column 5, for suspended depositories.

Line 12 – Open Depositories, Total Company Funds

Should agree with the sum of Lines 1, 6 and 9.

Line 13 – Suspended Depositories, Total Company Funds

Should agree with the sum of Lines 2, 7 and 10.

Line 16 – Total Company Funds on Hand and on Deposit

Column 3 should agree with the first parenthetical (Cash, Schedule E, Part 1) amount reported on Line 5 of Page 2.

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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. Reciprocal jurisdiction reinsurer status applies on a prospective basis and is for reinsurance agreements entered into, amended, or renewed on or after the effective date of the domiciliary state of the ceding entity enacting the 2019 revisions to the Credit for Reinsurance Models, and only with respect to losses incurred and reserves reported on or after the later of (i) the date on which the assuming insurer has met all eligibility requirements, and (ii) the effective date of the new reinsurance agreement, amendment, or renewal. 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. This will also be the case for reciprocal jurisdiction reinsurance, which may have been classified as certified reinsurance prior to the enactment of the 2019 revisions to the Credit for Reinsurance Models by the domiciliary state of the ceding entity. 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, 2, 3 and 4 of this schedule are reported with thousands omitted.

### ID Number

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.

A ceding insurer can have unauthorized reinsurance, certified reinsurance and reciprocal jurisdiction reinsurance with the same reinsurer, based on when the contract became effective. It is important that the ceding insurer report all types correctly. The same reinsurer may be listed on the same Schedule S by the ceding insurer with an AIIN for unauthorized reinsurance, a CRIN for certified reinsurance, and a RJIN for reciprocal jurisdiction reinsurance.

### 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 the NAIC Financial Systems and Services Department, Company Demographics Analyst. at *FDRCCREQ@NAIC.ORG* for numbers assigned since the last publication or information for 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, Alien Insurer Identification Number (AIIN) or Reciprocal Jurisdiction Reinsurer Identification Number (RJIN). 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.

**Reciprocal Jurisdiction Reinsurer Identification Number (RJIN)**

In order to report transactions involving alien companies correctly, the appropriate Reciprocal Jurisdiction Reinsurer Identification Number (RJIN) must be included on Schedule F instead of the FEIN, Alien Insurer Identification Number (AIIN) or Certified Reinsurer Identification Number (CRIN). The RJIN 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 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.

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# For 2020 Reporting Only

Reinsurers that have met the requirements for reciprocal jurisdiction reinsurer status in your state of domicile should be reported in the appropriate reciprocal jurisdiction reinsurer category if the reporting entity has implemented the necessary system and reporting changes for 2020 annual reporting to identify and report those reinsurance transactions in the appropriate reciprocal jurisdiction reinsurer category.

If the reporting entity has not been able to make the necessary system and reporting changes for 2020 annual reporting, the reporting entity may report those reinsurance transactions using the authorized reinsurer lines. Any crosschecks the reporting entity fails as a result of reporting reciprocal jurisdiction reinsurers on the authorized reinsurer lines should be explained.

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**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 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.

**Aggregation of Companies**

The aggregation of certain companies is permitted only as provided in the instructions to Part 1. In all other Parts, all companies must be identified.

**Determination of Authorized Status**

The determination of the authorized, reciprocal jurisdiction, 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.

**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 |
| Other U.S. Unaffiliated Insurers – Reinsurance for which the total of Column 5 is less than $50,000 | 0999998 |
| Total Other U.S. Unaffiliated Insurers*# | 0999999 |
| Pools and Associations | |
| Mandatory Pools | |
| Reinsurance for which the total of Column 5 is less than $50,000 | 1099998 |
| Total Pools, Associations or Other Similar Facilities* | 1099999 |
| Voluntary Pools | |
| Reinsurance for which the total of Column 5 is less than $50,000 | 1199998 |
| Total Pools, Associations or Other Similar Facilities* | 1199999 |
| Total Pools and Associations | 1299999 |
| Other Non-U.S. Insurers – Reinsurance for which the total of Column 5 is less than $50,000 | 1399998 |
| Total Other Non-U.S. Insurers* | 1399999 |
| Grand Total | 9999999 |

* Reinsured companies for which Column 5 is less than $50,000 may be aggregated and reported separately by category and reported only on Lines 0999998, 1099998, 1199998 and 1399998. The aggregation of certain companies is permitted only as provided in the instructions to Schedule F, Part 1. In all other Parts, all companies must be identified.

\# 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) |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) |
| Certified Reinsurer Identification Number | (CRIN) |
| Pool/Association Identification Number | |

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 – Reinsurance Assumed Liability

Report the amount of liability assumed from ceding companies.

Column 6 – Assumed Premiums Received

This column should reconcile to the total shown in the Operations and Investment Exhibit, Part 1B, Line 1.2, Column 1.

Column 7 – Reinsurance Payable on Paid Losses and Loss Adjustment Expenses

Report loss adjustment expenses due and payable to the reinsured.

Column 8 – Reinsurance Payable on Known Case Losses and LAE Reserves

The Total for Column 8 should agree to Operations and Investment Exhibit, Part 2B, Line 1.2, Column 4.

Column 9 – 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 or uncollected premium on Page 2.

Column 10 – Funds Held By or Deposited with Reinsured Companies

The total of Column 10 x 1000 should agree with Page 2, 16.2, Column 3.

Column 11 – Letters of Credit Posted

Report the amount related to Letters of Credit posted for related reinsurance assumed transactions.

Column 12 – Amount of Assets Pledged or Compensating Balances to Secure Letters of Credit

Report the amount of assets pledged or compensating balances in order to secure Letters of Credit reported in Column 11.

Column 13 – 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

## 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:

| 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 |
| Total Authorized | 1399999 |
| Total Unauthorized | |
| Affiliates | |
| U.S. Intercompany Pooling | 1499999 |
| U.S. Non-Pool | |
| Captive | 1599999 |
| Other | 1699999 |
| Total | 1799999 |
| Other (Non-U.S.) | |
| Captive | 1899999 |
| Other | 1999999 |
| Total | 2099999 |
| Total Unauthorized – Affiliates | 2199999 |
| Other U.S. Unaffiliated Insurers | 2299999 |
| Pools | |
| Mandatory Pools* | 2399999 |
| Voluntary Pools* | 2499999 |
| Total Unauthorized – Other Non-U.S. Insurers# | 2599999 |
| Total Unauthorized | 2699999 |

Total Certified

Affiliates

U.S. Intercompany Pooling .......... 2799999

U.S. Non-Pool

Captive .......... 2899999
Other .......... 2999999
Total .......... 3099999

Other (Non-U.S.)

Captive .......... 3199999
Other .......... 3299999
Total .......... 3399999

Total Certified – Affiliates .......... 3499999

Other U.S. Unaffiliated Insurers .......... 3599999

Pools

Mandatory Pools*@ .......... 3699999
Voluntary Pools*% .......... 3799999

Other Non-U.S. Insurers# .......... 3899999

Total Certified .......... 3999999

Total Reciprocal Jurisdiction

Affiliates

U.S. Intercompany Pooling .......... 4099999

U.S. Non-Pool

Captive .......... 4199999
Other .......... 4299999
Total .......... 4399999

Other (Non-U.S.)

Captive .......... 4499999
Other .......... 4599999
Total .......... 4699999

Total Reciprocal Jurisdiction – Affiliates .......... 4799999

Other U.S. Unaffiliated Insurers .......... 4899999

Pools

Mandatory Pools*@ .......... 4999999
Voluntary Pools*% .......... 5099999

Other Non-U.S. Insurers# .......... 5199999

Total Reciprocal Jurisdiction .......... 5299999

Totals .......... 9999999

* Pools and Associations consisting of affiliated companies should be listed by individual company names.

\# Alien Pools and Associations should be reported on Schedule F under the category "Other Non-U.S. Insurers."

NOTE: Disclosure of the five largest provisional commission rates should exclude mandatory pools and joint underwriting associations.

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) |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) |
| Certified Reinsurer Identification Number | (CRIN) |
| Pool/Association Identification Number | |

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 – 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.

Column 6 – Reinsurance Ceded Liability

Report the amount of liability ceded to assuming companies.

Column 7 – Ceded Reinsurance Premiums Paid

The total of Column 7 x 1000 should equal Operations and Investment Exhibit, Part 1B, Line 1.3.

Column 8 – Reinsurance Recoverable on Paid Losses and Loss Adjustment Expenses

The total of Column 8 x 1000 should agree with the amount included on Page 2, Line 16.1, Column 3.

Column 9 – Reinsurance Recoverable on Known Case Losses and LAE Reserves

The total of Column 9 x 1000 should agree with Operations and Investment Exhibit, Part 2B, Line 2, Column 4.

Column 11 – Other Amounts Due to Reinsurers

Both Column 10 and Column 11 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 13.

Items entered in Column 11 may represent miscellaneous balances owed by the reinsured to the reinsurer on ceded transactions.

Column 12 – Net Amount Recoverable from Reinsurers

Should equal Columns 8+9-10-11.

Column 13 – Funds Held By Company Under Reinsurance Treaties

The final total of Column 13 x 1000 should agree with Page 3, Line 13, Column 1.

## SCHEDULE F – PART 3

## PROVISION FOR UNAUTHORIZED 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:

| 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 |
| Total Pools and Associations | |
| Mandatory* | 1099999 |
| Voluntary* | 1199999 |
| Total Other Non-U.S. Insurers# | 1299999 |
| Totals | 9999999 |

* Pools and Associations consisting of affiliated companies should be listed by individual company names.

\# 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) |
| Pool/Association Identification Number | |

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 6 – Funds Held by Company under Reinsurance Treaties

Should agree with unauthorized portion of Schedule F, Part 2, Column 13. The total of Column 6 x 1000 should agree with Page 3, Line 13, Column 1.

Column 8 – 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 the footnote table 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 9 – Ceded Balances Payable

From Schedule F, Part 2, Column 10.

Column 10 – Miscellaneous Balances Payable

From Schedule F, Part 2, Column 11.

Both Column 9 and Column 10 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*.

Column 11 – Trust Funds and Other Allowed Offset Items

Report trust funds and other acceptable security

Column 13 – Provision for Unauthorized Reinsurance

Amount recorded should not be less than zero.

Column 16 – 20% of Amount in Dispute Included in Column 5

This amount should never be less than zero.

Column 18 – Total Provision for Reinsurance Ceded to Unauthorized Reinsurers

If the company's experience indicates that a higher amount should be provided, such higher amount should be entered.

Should never be less than zero.



<u>Issuing or Confirming Bank Detail Table</u>

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.

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.

Letter of Credit Issuing or Confirming Bank’s American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (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.

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.

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 7.

The total for this column should also equal the total of Schedule F, Part 3, Column 7.

## SCHEDULE F – PART 4

## PROVISION FOR REINSURANCE CEDED TO CERTIFIED REINSURERS AS OF DECEMBER 31, CURRENT YEAR

NOTE: This schedule is 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.

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 preprinted total or grand total line and number.

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 Model #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 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 otherwise instructed by the state of domicile.

| 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 |
| Total Pools and Associations | |
| Mandatory* | 1099999 |
| Voluntary* | 1199999 |
| Total Other Non-U.S. Insurers# | 1299999 |
| Total Affiliates and Others | 1399999 |
| Totals | 9999999 |

* Pools and Associations consisting of affiliated companies should be listed by individual company names.
\# Alien Pools and Associations should be reported on Schedule F under the category "Other Non-U.S. Insurers."

Column 1 – ID Number

Enter the CRIN for the entity being reported on the schedule. See the Schedule F General Instructions for more information on these identification numbers.

Column 5 – Certified Reinsurer Rating (1 through 6)

Report the certified reinsurer's rating as assigned by the ceding insurer's domiciliary state.

Column 6 – 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 7 – 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 8 – Net Amount Recoverable from Reinsurers

Net Amount Recoverable from Reinsurers; Schedule F, Part 2, Column 12 by individual certified reinsurer. Note that this amount is the Total Amount Recoverable from Reinsurers minus Miscellaneous Balances payable to the reinsurer.

Column 9 – Dollar Amount of Collateral Required

Report the amount of collateral that is required in order for the reporting company to receive full financial statement credit for reinsurance (Column 8 times Column 7).

Column 10 – Multiple Beneficiary Trust

If the certified reinsurer utilizes a multiple beneficiary trust account for the purposes of meeting its collateral requirements as a certified reinsurer to U.S. ceding insurers, report the amounts within such trust that are applicable to the reporting entity's reinsurance ceded to the certified reinsurer.

Column 11 – Funds Held by Company Under Reinsurance Treaties

Should agree with certified portion of Schedule F, Part 2, Column 13, Line 3999999.

Column 12 – Letters of Credit

Report the dollar amount of letters of credit provided by the certified reinsurer and held by or on behalf of the reporting entity as security for the certified reinsurer's reinsurance obligations.

Column 13 – 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 the footnote table 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 14 – Other Allowed Offset Items

Report trust funds, other than those held in a multiple beneficiary trust that are reported in Column 10, and other acceptable security.

Column 16 – Percent of Collateral Provided for Net Recoeverables Subject to Collateral Requirements

Report the percentage of collateral provided by the certified reinsurer for obligations subject to collateral requirements (Column 15 divided by Column 8).

Column 17 – Percent Credit Allowed on Net Recoverables Subject to Collateral Requirements

Report the proportion of collateral provided by the certified reinsurer as compared to the amount of collateral that is required based on its assigned rating (Column 16 divided by Column 7).

Column 18 – Amount of Credit Allowed for Net Recoverables

Provision for reinsurance with certified reinsurers due to collateral deficiency (Column 8 times Column 17).

Issuing or Confirming Bank Detail Table

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.

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.

Letter of Credit Issuing or Confirming Bank's American Bankers Association (ABA) Routing Number:

Provide for each issuing or confirming bank its nine-digit American Bankers Association (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.

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.

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 4, Column 12.

The total for this column should also equal the total of Schedule F, Part 4, Column 12.

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Schedule H

## SCHEDULE H – PART 1

## TITLE PLANTS OWNED AT DECEMBER 31, CURRENT YEAR AND BASIS OF VALUATION

Title plants are the organized records of real estate transactions that provide the basis for title policies and other title products produced by the company. Title plants that are rented or leased (with no ownership interest on the part of the company) should not be capitalized or included in this schedule. These cost are expenses of the company for that time period. Costs of maintenance of an established title plant should not be treated as a capitalized expense, but should be treated as a an expense for that time period.

Report each title plant individually.

A description of the information required by the columnar headings is as follows:

Column 1 – Permanent Identification Number

This is a control number to be given by the company to uniquely identify individual title plants. This identifier number should not change from period to period. Title plants acquired should be given identifier numbers at the end of the identifier sequence. This should be the same number shown in Schedule H, Part 2, if the same title plant is included in both Parts.

A confidential crosscheck listing must be provided to the domiciliary regulator, and any other regulator upon request.

Column 2 – Form of Ownership

This column should indicate the form of ownership. For example, the title plant could be wholly owned by the company, partially owned by the company, or could be in the form of a capital lease. If the title plant is partially owned, please indicate ownership percentage by the company.

Columns 3 – Title Plant Covering Period – From and
Columns 4 – Title Plant Covering Period – To

This column should indicate the period covered by the title plant. If the title plant covers a period through the current period indicate "XXX to present." The purpose of this column is to distinguish older plants that may be subject to different valuation procedures from currently maintained title plants.

Column 5 – Date Acquired

This column should indicate the date that the plant was acquired. For title plants for which present ownership interest was acquired as a result of multiple transactions, indicate the date of the most recent transaction.

Column 6 – Actual Cost

This column should indicate the cost of the title plant that has been capitalized. In most instances, this may also be the same as the book value.

Column 7 – Book Value

This column should indicate the actual amount shown by the company on its general ledger.

This amount should agree with this column (previous year), plus Schedule H, Part 2, Column 9 Total minus Schedule H, Part 3, Column 11.

The total for this column should agree with Schedule H, Part 4, Column 1, Line 1.

Column 8 – Book Value Valuation Basis

This column should indicate the valuation basis for the amount shown in Column 7. If the amount shown on Page 2 is different than the amount shown in Column 7, this column should indicate the basis of the amount shown on Page 2. The most common designations for this column are cost, depreciated cost or market value.

Column 9 – Increase by Adjustment in Book Value

This column should indicate the amount by which book value (as designated in Column 7) was increased during the current year.

Column 10 – Decrease by Adjustment in Book Value

This column should indicate the amount by which book value (as designated in Column 7) was decreased during the current year.

## SCHEDULE H – PART 2

## TITLE PLANTS ACQUIRED DURING THE YEAR

Report individually each title plant acquired during the year.

Column 1 – Permanent Identification Number

This is a control number to be given by the company to uniquely identify individual title plants. This number should agree to the number shown in Column 1 of Schedule H, Part 1. This identifier number should not change from period to period. Title plants acquired should be given identifier numbers at the end of the identifier sequence.

Column 2 – Form of Ownership

This column should indicate the form of ownership. For example, the title plant could be wholly owned by the company, partially owned by the company, or could be in the form of a capital lease. If the title plant is partially owned, please indicate ownership percentage by the company. This information should match the information shown in Column 2 of Schedule H, Part 1.

Columns 3 – Title Plant Covering Period – From and
Columns 4 – Title Plant Covering Period – To

These columns should indicate the period covered by the title plant. If the title plant covers a period through the current period indicate "XXX to present." The purpose of this column is to indicate older plants that may be subject to different valuation procedures from currently maintained title plants. This information should match information shown in Columns 3 and 4 of Schedule H, Part 1.

Column 5 – Date Acquired

This column should indicate the date acquired. For title plants for which present ownership interest was acquired as a result of multiple transactions within the year, indicate the date of the most recent acquisition.

Column 6 – How Acquired

This column should indicate the manner in which the title plant was acquired. Examples of title plant acquisition methods include purchase, trade, construction and merger.

Column 7 – Name of Seller

This indicates the name of seller. If the seller is an affiliated entity (as defined by *SSAP No. 25—Affiliates and Other Related Parties*), please indicate by placing a "***" next to the name of the seller.

Column 8 – Acquisition / Construction Cost to Company During Year

This column should indicate the amount of acquisition or construction cost to company during the year. In the case of a title plant owned by the company at the end of a previous period, the amount shown in this column should agree to the amount included by the company in Column 9 of Schedule H, Part 1.

Column 9 – Book Value at December 31 of Current Year

This column should indicate the actual amount shown by the company on its general ledger. The amount shown on this column must agree to the amount shown by the company in Column 7 of Schedule H, Part 1.

Column 10 – Percentage Ownership as of December 31

This column should indicate the percentage ownership by the company as of December 31 of the current year.

Column 11 – Title Plant Maintenance Cost for Plants Not Owned 100 Percent

This column should be completed with "N/A" (Not Applicable) for title plants which were owned 100 percent from initial acquisition. For other title plants, please indicate whether the company participates in the cost of title plant maintenance. The value shown on this column should be Yes, No, or N/A (Not Applicable).

## SCHEDULE H – PART 3

## TITLE PLANTS SOLD OR OTHERWISE DISPOSED OF DURING THE YEAR

Report individually each title plant sold or disposed of during the year.

Column 1 – Permanent Identification Number

This is a control number to be given by the company to uniquely identify individual title plants. This identifier number should not change from period to period, and should match the number shown for each title plant in the prior year Schedule H, Part 1.

Column 2 – Form of Ownership

This column should indicate the form of ownership. For example, the title plant could be wholly owned by the company, partially owned by the company, or could be in the form of a capital lease. If the title plant is partially owned, please indicate ownership percentage by the company.

Columns 3 – Title Plant Covering Period – From and
Columns 4 – Title Plant Covering Period – To

These columns should indicate the period covered by the title plant. If the title plant covers a period through the current period, indicate "XXX to Present." The purpose of this column is to indicate older plants that may be subject to different valuation procedures from currently maintained title plants.

Column 5 – Date Sold

This column should indicate the date sold. For title plants for which previous ownership interest was sold as a result of multiple transactions within the year, indicate the date of the most recent sale

Column 6 – Name of Purchaser

Indicate the name of purchaser. If the purchaser is an affiliated entity (as defined by *SSAP No. 25—Affiliates and Other Related Parties*), please indicate by placing a "***" next to the name of the seller.

Column 7 – Cost to Company

This column should indicate the cost of the title plant that has been capitalized. In most instances, this may also be the same as the book value.

Column 8 – Prior Year Book Value

Should equal the amount reported in the prior year annual statement for each specific title plant.

Column 9 – Increase by Adjustment in Book Value During Year

This column should indicate the amount by which book value (as designated in Column 11) was increased during the current year.

Column 10 – Decrease by Adjustment in Book Value During Year

This column should indicate the amount by which book value (as designated in Column 11) was decreased during the current year.

Column 11 – Book Value at Date of Sale

This column should indicate the book value on the date of sale. This should be the capitalized cost (less applicable amortization if any) shown on the general ledger of the company at the date of sale.

This should agree with the sum of Column 8 plus Column 9 minus Column 10.

Column 12 – Consideration

This column should indicate the amount received by the company for disposition of this asset. If consideration received is anything other than cash, a footnote should describe this transaction including the basis for valuation of the consideration.

Column 13 – Profit and (Losses) on Sale

The amount shown in this column should be the difference between the amounts shown in Columns 11 and 12 of Part 3 of Schedule H. In addition, this amount should be included in Operations and Investments, Statement of Income, Line 12.

**SCHEDULE H**

**VERIFICATION BETWEEN YEARS**

Line 1 – Book Value, December 31, Prior Year

The amount shown on this line should be the amount shown on Line 8 of the prior year annual statement Schedule H, Verification Between Years.

Line 2 – Increase by Adjustment in Book Value

The amounts shown on this line should be the amounts reports in Schedule H, Part 1, Column 9 and Schedule H, Part 3, Column 9.

Line 3 – Cost of Acquisition

The amounts shown on this line should agree to the amounts reported on Schedule H, Part 2, Column 8.

Line 4 – Total

The amount reported on this line are the total of amounts reported on Lines 1, 2, and 3 described above.

Line 5 – Decrease by Adjustment in Book Value

The amount shown on this line should be the amounts reports in Schedule H, Part 1, Column 10 and Schedule H, Part 3, Column 10.

Line 6 – Consideration Received on Sales

The amount shown on this line should agree to the amount reported on Schedule H, Part 3, Column 12.

Line 7 – Net Profit (Loss) on Sales

The amount shown on this line should agree to the amount reported on Schedule H, Part 3, Column 13.

Line 8 – Book Value, December 31, Current Year

Should agree to the amount reported on Schedule H, Part 1, Column 7, Total and to the Asset page, Line 13, Column 1.

## SCHEDULE H – PART 4

## TOTAL TITLE ASSETS HELD DIRECTLY OR BY SUBSIDIARIES

Report the value of direct investment in title plant assets and the value of title plant assets held by subsidiaries (including lower tier controlled companies.)

Line 2 – Title Plant Assets Held By Subsidiaries

The aggregate total carrying value of title plant assets owned by direct and lower tier subsidiaries, after applying the corresponding proportionate ownership share to each individually. That is, for a subsidiary in which the reporting entity has a 60 percent ownership interest, 60 percent of that subsidiary's title plant asset carrying value would be included. For a 100 percent owned subsidiary, 100 percent of the title plant asset carrying value would be included.

## SCHEDULE P

There are five 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 loss expenses on a policy year basis. Part 3 provides a history of incurred losses and loss expenses on a report year basis. Part 4 provides a history of claim counts on a policy year basis. Schedule P Interrogatories provides for additional calculation and explanation of various amounts. Part 5 provides a history of claim counts on a report year basis. If the company is unable to provide any part of the data required in Schedule P for years prior to 1994, the company must obtain a letter of waiver from its domiciliary commissioner. A copy of this letter must be included with the company's annual statement. Data for 1994 and subsequent should be provided in complete detail except for unallocated loss adjustment expenses (ULAE) that should be in complete detail for 1996 and subsequent.

Schedule P includes only the data for the insurer identified on the Jurat Page of the annual statement. Do not include consolidated data for affiliated companies. If the insurer participates in a pooling agreement, it should report only its share of the business, not the total of all participants.

In those instances where an insurer files an amended annual statement as a result of a restatement of prior year written premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement. In those instances where one title insurer is merged into another title insurer, Schedule P must be prepared so it includes the entire combined history of both companies.

Schedule P, Part 1 is organized so that written premiums and other income for a year are matched with corresponding losses and allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses for policies issued during that year. Experience is shown for direct business, reinsurance assumed, reinsurance ceded and net of reinsurance.

Written premium and other income is on a calendar year basis, and should reconcile with the totals on Schedule T.

Policy year loss and loss adjustment expense payments and reserves should be assigned to the year in which the policy was written under which coverage is triggered. Payments and reserves for escrow and defalcation loss and loss adjustment expenses should be assigned to the year of the associated title insurance order or, if the year is unknown, to the year the defalcation or escrow loss was first known by the company.

Part 2 displays 20-year loss development triangles on a policy year basis. Part 3 displays 10-year loss development triangle on a report year basis. In Parts 2 and 3, losses are combined with ALAE and are net of reinsurance. Loss and ALAE development is shown for total incurred, payments, case basis reserves, bulk reserves and incurred but not reported (IBNR) reserves (policy year basis only). Part 4 displays 20-year claim count development triangles on a policy year basis.

For report year development, group the claims by year in which the claim was first reported.

Title insurance losses should include all losses on any transaction for which a title insurance premium, rate or charge was made or contemplated. Escrow losses for which the company is contractually obligated should be included. Losses arising from defalcations for which the company is contractually obligated should be included.

Allocated loss adjustment expenses are those that can be related to specific claims and include fees, salaries, overhead and expenses of lawyers for legal services in defense, trial or appeal of suit, other legal services rendered in connection with title claims, and general court costs and fees together with appeal costs and expenses. Allocated loss adjustment expenses should include all costs associated with attorneys involved in litigation of specific claims whether such attorneys are engaged as outside counsel or salaried employees of a reporting entity. Allocated loss adjustment expenses also include any fee or expense, other than claim adjuster services, which is directly attributable to the defense of a particular claim.

Allocated loss adjustment expenses for reinsurance assumed and ceded should be reported in accordance with the terms of the applicable reinsurance contracts. In addition, an assuming reinsurer that incurs allocated loss adjustment expenses in its adjustment of reinsured losses should report ALAE in the manner described above for direct losses.

Unallocated loss adjustment expenses are those expenses, other than allocated loss adjustment expenses, that are assigned to the expense group "Loss Adjustment Expenses." As an example, the costs related to salaried employees of the insurer involved in the management of claims are included in this category.

Loss and loss adjustment expense reserves are to be presented on a non-discounted basis. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation.

Discounting of loss and loss adjustment expense reserves is allowed only if expressly permitted by the state insurance department to which this annual statement is being filed. If discounting of loss and loss adjustment expense reserves is reflected on Page 3 of this annual statement, reconciliation is provided in Schedule P, Part 1. Work papers relating to any discount amounts must be available for examination upon request.

Salvage and subrogation should be determined in accordance with *SSAP No. 57—Title Insurance* using the following rules:

1. Paid losses must be reported net of realized, but not anticipated, salvage and subrogation. Case basis loss and loss adjustment expense reserves must not be reduced on account of anticipated salvage and subrogation.

2. Paid salvage and subrogation is not realized until a salvage asset or an actual payment pursuant to a subrogation right is in the direct control of the reporting entity and is admissible as an asset for statutory reporting purposes in its own right.

3. Salvage assets and payments pursuant to a subrogation right are to be booked at current market value. Current market value or real estate is to be established through an appraisal conducted by a qualified independent appraiser.

4. If a salvage asset is sold or revalued by the reporting entity within twelve months or realization for an amount less than the value at which it was originally placed on the books of the reporting entity, then the loss on disposition is to be treated as a decrease in paid salvage (same effect as an addition to the paid loss) on the corresponding claim. After twelve months, such salvage revaluation will be treated as a loss on disposition or change in value of an asset, and is not to be deducted from the salvage on the corresponding claim.

5. If a salvage asset is sold or revalued by the reporting entity within twelve months of realization for an amount greater than the value at which it was originally placed on the books of the reporting entity, then the gain on disposition is to be treated as an increase in paid salvage (same effect as a deduction to the paid loss) on the corresponding claim. After twelve months, such salvage revaluation will be treated as a gain on disposition or change in value of an asset, and is not to be added to the salvage on the corresponding claim.

6. IBNR reserves may make a provision for the expected value of future salvage and subrogation on open claims and IBNR claims. This provision must be actuarially determined and should not be based upon current case estimates.

Report all dollar amounts in Schedule P in thousands of dollars ($000 omitted), either by rounding or truncating. All claim counts are to be shown in whole numbers.

The number of claims reported is to be cumulative by policy year. The number of claims reported for each policy 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 the current and prior calendar years.

For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts.

If the company changes its method of counting claims, the new method should be disclosed in the Notes to Financial Statements.

## SCHEDULE P – PART 1

Part 1 – Summary provides a 10-year summary of loss and ALAE experience for the company. Part 1 – Summary should be equal to the sum of Part 1A and Part 1B. Columnar headings provide instructions necessary for completion.

The "Prior Years" category can be completed using one of the following methods:

1. "Prior Years" consists of all policies issued by the company from inception of the company forward.

2. "Prior Years" consists of all policies issued by the company from 1970 forward.

3. The company can pick a year earlier than 1970 but later than the inception of the company.

Once a method is established, the company should not alter that method at a later date.

The amount of liability to be reported in Column 1 is the policy amount (net of reinsurance) in those cases not involving a simultaneous issue of multiple policies. In determining the amount of liability to be reported in case of simultaneous issue of an owners policy and a mortgage policy, include the higher liability policy only. This amount is reported in millions of dollars ($000,000 omitted).

The net reserve shown in Schedule P, Part 1, Line 12, Column 24 should make a sufficient provision for ultimate loss and LAE for all reported and unreported title insurance claims (including escrow and defalcation claims) for which the company is obligated net of reinsurance. The gross reserves shown in Schedule P, Part 1, Line 12, Column 24 plus Column 19 plus Column 22, should make a sufficient provision for ultimate loss and LAE for all reported and unreported title insurance claims (including escrow and defalcation claims) for which the company is obligated gross of reinsurance ceded.

The work papers showing 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.

"Direct" means as directly written. Do not include coverages written as part of an affiliated pooling agreement.

"Ceded" means reinsurance ceded on business so reported as direct or assumed.

Direct, Assumed, and Ceded experience should be provided for Written Premium and Other Income, Loss Payments, Allocated LAE Payments, Known Claim Reserves and IBNR Reserves.

Loss and ALAE Payments should be reported net of realized salvage and subrogation. Salvage and Subrogation Received represents the cumulative salvage and subrogation realized, as defined in *SSAP No. 57—Title Insurance*. It is shown for reference only and should not be included in the Total Net Paid.

Inception to-date ULAE Payments by policy year should be provided with the allocation of payments to policy year described in the Schedule P Interrogatories.

The known claim reserve includes case basis reserves and "bulk" reserves. "Bulk" reserves are a provision for subsequent development on known claims.

IBNR reserves are a provision for unreported or unknown title insurance claims on all policies issued by the company as of the accounting date.

Unallocated loss expenses unpaid are a provision for ULAE yet to be paid related to claims that are either open or unreported as of the accounting date.

Losses and ALAE Incurred is the addition of the corresponding Direct, Assumed and Ceded columns for payments, Known Claim Reserves and IBNR Reserves.

Column 2 – Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 3 plus Column 4 plus Column 5.

Column 4 – Other Income

Line 11 should equal Schedule T, Line 59, Column 6.

Column 17 – Direct Known Claim Reserve

Line 12 should equal Schedule T, Line 59, Column 10.

Column 23 – Unallocated loss Adjustment Expense Unpaid

Line 12 should equal Operations and Investment Exhibit, Part 3, Line 25, Column 5.

Column 32 – Net Loss & LAE Per $1000 of Coverage

Amounts used in this calculation should be in whole dollars.

Line 12 – Total

Column 17 plus Column 18 minus Column 19 (net known claim reserve) should equal Line 1 of the Liabilities, Surplus and Other Funds page.

Columns 1 through 29 and Columns 33 and 34 should equal Part 1A plus Part 1B.

## SCHEDULE P – PART 1A – POLICIES WRITTEN DIRECTLY

Part 1A provides a summary of loss and ALAE experience for policies written directly.

Policies written directly are those written by home office and owned and operated branch offices of the title insurer.

Refer to Part 1 – Summary for instructions to complete this part.

Column 2 – Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 3.

## SCHEDULE P – PART 1B – POLICIES WRITTEN THROUGH AGENTS

Part 1B provides a summary of loss and ALAE experience for policies written through agents.

Policies written through agents are those written by both affiliated and non-affiliated agency operations.

Refer to Part 1 – Summary for instructions to complete this part.

Column 2 – Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 4 plus Column 5.



## SCHEDULE P – PART 2

Part 2 provides a historical summary of loss and ALAE development by policy year on a net of reinsurance basis. Columnar headings provide instructions necessary for completion. Column 11 equals Column 10 minus Column 9 for common years (Rows 1 through 20). Column 12 equals Column 10 minus Column 8 for common years (Rows 1 through 19).

The definition of “prior years” should be the same as that used by the company in Part 1.

Columns 1 to 10 should equal the sum of Parts 2A, 2B, 2C and 2D.

## SCHEDULE P – PART 2A

Part 2A shows cumulative net loss and ALAE payments by year the policy was written as of December 31 of each year shown in Columns 1 to 10. Payments should reflect subrogation, salvage and escrow and defalcation claims according to the rules contained in *SSAP No. 57—Title Insurance*.

Part 2A, Column 10, should equal Part 1, Column 15 minus Column 14.

## SCHEDULE P – PART 2B

Part 2B shows case basis reserves by year the policy was written on claims that are open as of December 31 of each year shown in Columns 1 to 10.

Part 2B, Column 10 plus Part 2C, Column 10, should equal Part 1, Columns 17 plus Column 18 minus Column 19.

## SCHEDULE P – PART 2C

Part 2C shows bulk reserves on known claims by year the policy was written for claims that are open as of December 31 of each year shown in Columns 1 to 10.

## SCHEDULE P – PART 2D

Part 2D shows Incurred But Not Reported (IBNR) reserves as of December 31 of each year shown in Columns 1 to 10. IBNR reserves make a provision for claims not yet reported to the company but can also include other amounts needed to result in an adequate total reserve.

For years prior to 1994, some companies did not compute an IBNR reserve. In such cases, the company should display zero IBNR, and make an appropriate disclosure in the Notes to Financial Statements. Some companies compute IBNR in their GAAP annual statements. In such cases, the company should provide IBNR for policy years prior to 1994. The IBNR reserve should not be discounted for investment income.

Part 2D, Column 10 should equal Part 1, Column 20 plus Column 21 minus Column 22.

## SCHEDULE P – PART 3

Part 3 provides a historical summary of loss and ALAE development by report year on a net of reinsurance basis. Columnar headings provide instructions necessary for completion. Column 11 equals Column 10 minus Column 9 for common years (Rows 1 through 10). Column 12 equals Column 10 minus Column 8 for common years (Rows 1 through 9).

The "Prior Years" category for report year need not be the same as for policy year. Several methods are acceptable, but once established, the company should not alter its method at a later time. The following methods are acceptable:

1. "Prior Years" consists of all claims reported by the company from inception of the company forward.

2. "Prior Years" consists of all claims reported by the company from 1980 forward.

3. The company can pick a year earlier than 1980, but later than the inception of the company.

The treatment of salvage and subrogation should be the same as Parts 1 and 2.

Part 3 may not reconcile with Part 1 - Summary due to differences in the meaning of "prior years."

Part 3, Columns 1 to 10 should equal the sum of Parts 3A, 3B and 3C.

## SCHEDULE P – PART 3A

Part 3A shows cumulative net loss and ALAE payments by year the claim was reported as of December 31 of each year shown in Columns 1 to 10. Payments should reflect subrogation, salvage and escrow and defalcation claims according to the rules contained in *SSAP No. 57—Title Insurance*.

Part 3A total of Column 10, should equal Part 1, Line 12, Column 15 minus Column 14. However, Part 3A may not reconcile with Part 1 – Summary due to differences in the meaning of "prior years" resulting in a validation error and would be an acceptable explanation of the error for the Validation Error Explanation Text File submitted as part of the statement filing.

## SCHEDULE P – PART 3B

Part 3B shows case basis reserves by year the claim was reported on claims that are open as of December 31 of each year shown in Columns 1 to 10.

Part 3B, total of Column 10 plus Part 3C, total of Column 10, should equal Part 1, Line 12, Columns 17 plus Column 18 minus Column 19.

## SCHEDULE P – PART 3C

Part 3C shows bulk reserves on known claims by year the claim was reported for claims that are open as of December 31 of each year shown in Columns 1 to 10. Bulk reserves provide for subsequent development on known claims and do not make a provision for claims not yet reported to the company. A company is not required to carry bulk reserves.

## SCHEDULE P – PART 4

Part 4 provides a historical summary of direct claim count development by policy year. Columnar headings provide instructions necessary for completion.

The definition of "prior years" should be the same as that used by the company in Part 1.

Part 4 is gross of reinsurance

## SCHEDULE P – PART 4A

Part 4A shows cumulative reported claim counts on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

Part 4A, Column 10 should equal Part 1, Column 16.

## SCHEDULE P – PART 4B

Part 4B shows cumulative claims closed with loss payment on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

Part 4B, Column 10 should equal Part 2A, Column 11.

## SCHEDULE P – PART 4C

Part 4C shows cumulative claims closed without loss payment on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

Part 4C, Column 10 should equal Part 2A, Column 12.

## SCHEDULE P – PART 5

Part 5 provides a historical summary of direct claim count development by report year. Columnar headings provide instructions necessary for completion.

The definition of "prior years" should be the same as that used by the company in Part 3.

Part 5 is gross of reinsurance.

## SCHEDULE P – PART 5A

Part 5A shows cumulative reported claim counts on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

## SCHEDULE P – PART 5B

Part 5B shows cumulative claims closed with loss payment on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

Part 5B, Column 10, should equal Part 3A, Column 11.

## SCHEDULE P – PART 5C

Part 5C shows cumulative claims closed without loss payment on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

Part 5C, Column 10, should equal Part 3A, Column 12.

## SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN

## BY STATES AND TERRITORIES

In order to provide consistency in reporting financial data in the annual statement, all title insurers must strictly follow the guidelines stated in this instruction.

All U.S. business must be reported by state regardless of license status.

For purposes of reporting in Schedule T and other schedules or exhibits in the annual statement, the amount of title insurance premiums to be reported shall be guided by the following definitions of the methods of reporting "Direct Premiums Written":

Each type of rate used in a state must be coded with a combination of the five (5) Activity Codes listed below. Use the code combination corresponding to the state's statutory definition of title insurance premium. If more than one combination of activities is included in the statutory definition, all relevant combinations must be listed.

In some states, not every activity listed under each activity code is performed, either pursuant to an explicit statutory provision or pursuant to a court decision with respect to activities that constitute the unauthorized practice of law or by custom.

Activity Code R - Risk Rate, which includes one or more of the following activities:

1. Issuance of a policy
2. Defense of claims
3. Payment of losses

Activity Code S - Search, which includes one or more of the following activities:

1. Preparation or updating of an abstract of title
2. Searching the public record in a courthouse
3. Conducting a search using a title plant

Activity Code X - Examination, which includes one or more of the following activities:

1. Review of documents located during the search to determine the existence of title defects and/or potential title risks
2. Curative actions to remove title defects
3. Determining insurability of a title or lien interest

Activity Code C - Closing, which includes one or more of the following activities:

1. Preparation of closing documents
2. Obtaining signatures (escrow closing) or conducting a closing meeting (table closing)
3. Recording deeds, mortgages, and similar instruments with the county recorder

Activity Code E - Escrow, which includes:

1. Collection, safekeeping, and disbursement of funds

The table below lists appropriate coding for the most common rates, along with a list containing examples of areas in which they are used.

| **Activities** | **Example States or Localities as of 2008** |
|---|---|
| R | CT, NC, MO, PA (Approved Attorney), SC |
| RSXCE | Northern CA, NY (Zone 2), PA |
| RXCE | NY (Zone 1) |
| RSX | NM |
| RX | FL |
| RSXC | Southern CA, TX |

For premiums transacted through the company's agencies, the amount of title insurance premiums retained by the agents should be reported as part of the company's income as defined above and at the same time, the company should report this amount as part of the company's operating expense in the appropriate schedules.

The data reported in Schedule T of the annual statement is not intended to be used for the calculation of the amount of premium tax due. In the event the basis used for the calculation of premium tax differs from the basis required for reporting in the annual statement as defined in this instruction, the company should submit to the respective state insurance department or other premium tax collection agency a separate schedule to support its premium tax calculation.



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. In some states referred to as nonadmitted.)
- Q – Qualified (Qualified or Accredited Reinsurer)
- N – None of the above (Not allowed to write business in the state or none of the above codes apply)

Column 3 – Direct Premiums Written - Direct Operations

Total to agree with the total of Line 1, Column 1, in Operations and Investment Exhibit, Part 1A.

Column 4 – Direct Premiums Written - Nonaffiliated Agency

An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*. Total to agree with Line 1, Column 2, in Operations and Investment Exhibit, Part 1A.

Column 5 – Direct Premiums Written - Affiliated Agency

Total to agree with the total of Line 1, Column 3, in Operations and Investment Exhibit, Part 1A.

Column 6 – Other Income

Total to agree with the total of Lines 2 to 6, Column 4 in Operations and Investment Exhibit, Part 1A.

Column 7 – Net Premiums Earned

Total to agree with Line 3, Column 1 in Operations and Investment Exhibit, Part 1B

Column 8 – Direct Losses and Allocated Loss Adjustment Expenses Paid

For treatment of salvage, see instructions for Schedule P.

Total to agree with the total of Line 1, Column 4 in Operations and Investment Exhibit, Part 2A.

Column 9 – Direct Losses and Allocated Loss Adjustment Expenses Incurred

Total to agree with the total of Schedule T total Column 8 of the current year, plus Schedule T total Column 10 of the current year minus Schedule T total Column 10 of the prior year.

Exclude: Incurred unallocated loss adjustment expenses (ULAE).

Column 10 – Direct Known Claim Reserve

Total to agree with the total of Line 1.1, Column 4, in Operations and Investment Exhibit, Part 2B.

**** Column 11 will be electronic only ****

Column 11 – 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.

Line 58 – Aggregate Other Alien

Enter the total of write-ins listed in schedule Details of Write-ins Aggregated at Line 58 for Other Alien.

All U.S. business must be reported by state regardless of license status.

Details of Write-ins Aggregated at Line 58 For Other Alien

List separately each alien jurisdiction for which there is no pre-printed line on Schedule T.

If the premium from an alien jurisdiction is due to relocation of current policyholders, the amount may be aggregated and reported as "Other Alien." Premiums from jurisdictions in which there is active writing must be reported by jurisdiction and include premium from relocated policyholders residing in the respective jurisdiction.

Identify each alien jurisdiction by using a **<u>three-character (ISO Alpha 3) country code followed by the name of the country (e.g., DEU Germany)</u>**. For premium that can be aggregated and reported as "Other Alien" as stated in the previous paragraph, use "ZZZ" for the country code and "Other Alien" for the country name. A comprehensive listing of country codes is available in the appendix of these instructions.

Include summary of remaining write-ins for Line 58 from the Overflow page on the separate line indicated.

Footnote (a):

Provide the total of each active status code in Column 1. The sum of all the counts of all active status codes should equal 57.

## SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 – ORGANIZATIONAL CHART

The term "holding company group" includes members of a holding company system and controlled groups.

All insurer and reporting entity members of a holding company group shall prepare a common schedule for inclusion in each of the individual annual statements. If the company is required to file a registration statement under the provisions of the domiciliary state's Insurance Holding Company System Regulatory Act, then Schedule Y, Part 1, Organizational Chart must be included in the annual statement. See *SSAP No. 25—Affiliates and Other Related Parties* for further information.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Attach a chart or listing presenting the identities of and interrelationships between the parent, all affiliated insurers and reporting entities; and other affiliates, identifying all insurers and reporting entities as such and listing the Federal Employer's Identification Number for each. The NAIC company code and two-character state abbreviation of the state of domicile should be included for all domestic insurers. The relationships of the holding company group to the ultimate controlling person (if such person is outside the reported holding company) should be shown. Only those companies that were a member of a holding company group at the end of the reporting period should be shown on Schedule Y, Part 1, Organizational Chart.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

However, any person(s) (that includes natural person) deemed to be an ultimate controlling person, must be included in the organizational chart. The Social Security number for individual persons should not be included on this schedule.

## SCHEDULE Y

## PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

All insurer and reporting entity members of the holding company system shall prepare a schedule for inclusion in each of the individual annual statements that is common for the group with the exception of Column 10, Relationship to Reporting Entity.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Column 1 – Group Code

If not applicable for the entity in Column 8, leave blank.

Column 2 – Group Name

If not applicable for the entity in Column 8, leave blank.

Column 3 – NAIC Company Code

If not applicable, the NAIC Company Code field should be zero-filled.

Column 4 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life\Fraternal and Health) General Instructions for more information on these identification numbers.

| | |
|---|---|
| Federal Employer Identification Number | (FEIN) |
| Alien Insurer Identification Number | (AIIN) * |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) * |
| Certified Reinsurer Identification Number | (CRIN) * |

* RJIN, AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another entity regardless of whether the entity in Column 8 is part of reporting entity's group.

If not applicable for the entity in Column 8, leave blank.

Column 5 – Federal RSSD

RSSD is the primary identifier for the Federal Reserve's National Information Center (NIC) of the entity in Column 8, if applicable.

Column 6 – CIK

Central Index Key (CIK) (for example the U. S. Securities and Exchange Commission (SEC) or any other exchange) of the entity in Column 8, if applicable.

Only provide the CIK issued for a publicly traded entity in Column 8. Do not provide a CIK issued for a variable insurance product written by the entity in Column 8.

If the name of a securities exchange is provided for Column 7, then a CIK should be provided for Column 6.

Column 7 – Name of Securities Exchange if Publicly Traded (U.S. or International)

If the entity in Column 8 is publicly traded either in the U.S. or internationally, list the name of the securities exchange (e.g., New York Stock Exchange).

For companies traded on more than one exchange, show the U.S. exchange if traded both in the U.S. and internationally; otherwise show the primary exchange.

The listing of most stock exchanges can be found in the Investment Schedules General Instructions.

If a CIK is provided for Column 6, then the name of a securities exchange should be provided for Column 7.

Column 8 – Name of Parent, Subsidiaries or Affiliates

Names of all insurers and parent, subsidiaries or affiliates, insurance and non-insurance, in the insurance holding company system.

**Each company within the group may be listed more than once if control is not 100%.**

For example, if Company A is 50% controlled by Company B and 50% controlled by Company C, Company A would be listed twice with detail about Company B's control in Columns 10 through 14 and 16 on the first line and detail about Company C's control in Columns 10 through 14 and 16 on the second line.

Column 9 – Domiciliary Location

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.

Column 10 – Relationship to Reporting Entity

Use the most applicable of the following codes to describe the relationship of the entity in Column 8 to the reporting entity for which the filing is made.

Relationship Codes:

| | | |
|---|---|---|
| UDP | = | Upstream Direct Parent |
| UIP | = | Upstream Indirect Parent |
| DS | = | Downstream Subsidiary |
| IA | = | Insurance Affiliate |
| NIA | = | Non-Insurance Affiliate |
| OTH | = | Other (explain relationship in the footnote line) |
| RE | = | Reporting Entity |

Column 11 – Directly Controlled by (Name of Entity/Person)

Name of the person/entity that directly controls the entity listed in Column 8.

As defined in the *Insurance Holding Company System Regulatory Act* (#440), the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by Section 4K that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

Refer to *SSAP No. 25—Affiliates and Other Related Parties*.

Column 12 – Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence)

Type of control the entity in Column 11 has over the entity in Column 8.

- Ownership
- Board of Directors
- Management
- Attorney In-Fact
- Influence
- Other

Column 13 – If Control is Ownership, Provide Percentage

If the control the entity in Column 11 has over the entity in Column 8 is ownership, then provide the percentage of ownership. If control is not ownership, report zero. (Format such that 100.0% is shown as 100.0.)

Column 14 – Ultimate Controlling Entity(ies)/Person(s)

Name of the Ultimate Controlling Entity(ies)/Person(s).

As defined in the *Insurance Holding Company System Model Regulation* (#450), the "ultimate controlling person" is defined as that person which is not controlled by any other person.

Column 15 – Is an SCA Filing Required? (Y/N)

Answer yes (Y) or no (N) if an SCA (Subsidiary, Controlled and Affiliated) SUB 1 (initial) or SUB 2 (annual) filing with the NAIC is required per *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* for the entity in Column 8.

Column 16 – *

Using the footnote lines at the bottom of the schedule, provide any footnotes or explanations of intercompany relationships. Insert the footnote line number in Column 16.

Where interrelationships are a 50%/50% ownership, footnote any voting rights preferences that one of the entities may have.

**** Column 17 will be electronic only. ****

Column 17 – Legal Entity Identifier (LEI)

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

## SCHEDULE Y

## PART 2 – SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

This schedule was designed to provide an overview of transactions among insurance holding company system members. It is intended to demonstrate the scope and direction of major fund and/or surplus flows throughout the system. This schedule should be prepared on an accrual basis.

All insurer and reporting entity members of the holding company system shall prepare a common schedule for inclusion in each of the individual annual statements.

NOTE: If the reporting entity completes this schedule, it should have answered "YES" to General Interrogatories, Part 1, Question 1.1.

Include transactions between insurers, and between insurers and non-insurers within the holding company system. Exclude transactions between non-insurers that do not involve an affiliated insurer. Include all shareholder dividends, capital contributions and reinsurance recoverable (payable), Columns 4, 5 and 13, respectively, and transactions involving one-half of one percent or more of the largest insurer's admitted assets as of December 31. Exclude transactions of a non-insurer with an affiliated insurance company that are of a routine nature (e.g., the purchase of insurance coverage).

Transactions among holding company system members should only be reported for the portion of the year in which each company to the transaction was a member of the holding company system. For example, if a member of a holding company system is sold to a party who is not a member of the system on June 30, transactions that occur prior to June 30 between that company and members of the holding company system should be included on Schedule Y, Part 2, Summary of Insurer's Transactions With Any Affiliates. Those transactions that occur on or after June 30 should be reported on Schedule Y, Part 2 of the holding company system that acquired the insurer.

Report the aggregate amount of transactions for the reporting period within each category for both the payor and recipient of each transaction. If the insurer is both a payor and a recipient of amounts in any category, the net of these amounts should be reported on one line. Amounts of transactions that result in an increase in surplus should be shown as positive figures; and, transactions that result in a decrease in surplus should be reported enclosed in parentheses as negative figures. The total of each column is expected to be zero.

Refer to *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

If the nature of the transactions reported in Schedule Y, Part 2 requires explanation, report such in an explanatory note immediately following Schedule Y, Part 2.

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life\Fraternal and Health) General Instructions for more information on these identification numbers.

| | |
|---|---|
| Federal Employer Identification Number | (FEIN) |
| Alien Insurer Identification Number | (AIIN) * |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) * |
| Certified Reinsurer Identification Number | (CRIN) * |

* RJIN, AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life/Fraternal and Health) of another entity regardless of whether the entity in Column 3 is part of reporting entity's group or not.

If not applicable for the entity in Column 3, leave blank.

Column 3 – Names of Insurers and Parent, Subsidiaries or Affiliates

Each company will be represented by a single line containing the net amount of all transactions.

Column 5 – Capital Contributions

Include: Surplus notes.

Column 7 – Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)

Exclude: Contingent liabilities. Contingent liabilities should be disclosed in the Notes to the Financial Statements.

Column 8 – Management Agreements and Service Contracts

Include: All revenues/expenditures under management agreements, service contracts, etc.

Contracts for services provided by the insurer or purchased by the insurer from other affiliates.

All income tax amounts resulting from intercompany tax-sharing arrangements.

All compensation under agreements with affiliated brokers and reinsurance intermediaries.

Exclude: Any amounts reportable under Column 9.

Column 9 – Income/(Disbursements) Incurred Under Reinsurance Agreements

Include: Experience rating refunds.

Exclude: Pooling agreement amounts.

List the pooling percentage and the name of each insurer in each pool in an explanatory note in the space following Schedule Y, Part 2.

Column 10 – * Column

Place an "*" in this column to indicate insurers that participate in a pooling agreement with affiliated insurers.

Column 11 – Any Other Material Activity not in the Ordinary Course of the Insurer's Business

Include: Intercompany loans, to the extent that these loans are not repaid at year-end.

Exclude: Those transactions that are of a routine nature (e.g., the purchase of insurance coverage and cost allocation transactions that are based upon Generally Accepted Accounting Principles).

Column 13 – Reinsurance Recoverable/(Payable) on Losses and/or Reserve Credit Taken/(Liability)

The purpose of this column is to show the net effect on surplus of reinsurance transactions with affiliates, and should represent the net (ceded less assumed) of the following amounts from Schedule F (P&C, Title) or Schedule S (Life, Health and other reporting entity), as appropriate:

**Property/Casualty – Schedule F, Parts 1 and 3, affiliated amounts only**

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 3, Column 43 and Schedule F, Part 1, Column 6 multiplied by 1000 (Affiliates Only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 3, Columns 9 through 12 and Schedule F, Part 1, Column 7 multiplied by 1000 (Affiliates Only).

Unearned Premiums –

Should agree with net of Schedule F, Part 3, Column 13 multiplied by 1000 plus Schedule F, Part 1, Column 11 multiplied by 1000 (Affiliates Only).

**Title – Schedule F, Parts 1 and 2, affiliated amounts only**

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 1, Column 7 and Schedule F, Part 2, Column 8 (Affiliates only).

Reinsurance Recoverable (Payable) on Unpaid Losses –

Should agree with net of Schedule F, Part 1, Column 8 and Schedule F, Part 2, Column 9 (Affiliates only).

**Life\Fraternal and Health – Schedule S, Part 1, Section 1; Part 1, Section 2; Part 2; Part 3, Section 1 and Part 3, Section 2; affiliated amounts only**

Reinsurance Recoverable (Payable) on Paid and Unpaid Losses –

Should agree with Schedule S, Part 2, Columns 6 and 7 minus the sum of Schedule S, Part 1, Section 1, Column 11 and Schedule S, Part 1, Section 2, Column 11 (Affiliates only).

Reserve Credit Taken (Liability) –

Should agree with Schedule S, Part 3, Section 1, Column 9 minus Schedule S, Part 1, Section 1, Column 9 (Affiliates only).

Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 9 minus Schedule S, Part 1, Section 2, Column 9 (Affiliates only).

Reserve Credit Taken (Liability) Other Than for Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 10 minus Schedule S, Part 1, Section 2, Column 10 (Affiliates only).

## INVESTMENT SCHEDULES GENERAL INSTRUCTIONS
**(Applies to all investment schedules)**

The following definitions apply to the investment schedules.

SAP Book Value (Defined in Glossary of *Accounting Practices and Procedures Manual*):

Original Cost, including capitalized acquisition costs and accumulated depreciation, unamortized premium and discount, deferred origination and commitment fees, direct write-downs, and increase/decrease by adjustment.

SAP Carrying Value (Defined in Glossary of *Accounting Practices and Procedures Manual)*:

The SAP Book Value plus accrued interest and reduced by any valuation allowance (IF APPLICABLE) and any nonadmitted adjustment applied to the individual investment. Carrying Value is used in the determination of impairment.

Adjusted Carrying Value:

Carrying Value amount adjusted to remove any accrued interest and to add back any of the following amounts: individual nonadmitted amounts, individual valuation allowances (IF APPLICABLE), and aggregate valuation allowance (IF APPLICABLE). In effect, this is equivalent to the definition of SAP Book Value (not to be confused with the old "Book Value" reported in the annual statement blanks for data years 2000 and prior).

Recorded Investment:

The SAP Book Value (Adjusted Carrying Value) plus accrued interest.

The information included in the investment schedules shall be broken down to the level of detail as required when all columns and rows are considered together unless otherwise addressed in specific instructions. For example, on Schedule D Part 4, a reporting entity is required to list the CUSIP book adjusted carrying value, among other things. The reporting entity would only be required to break this information down to a lower level of detail if the information was inaccurate if reported in the aggregate. Thus, the reporting entity would not be required to break the information down by lot (information for each individual purchase) and could utilize the information for book/adjusted carrying value using an average cost basis, or some other method, provided the underlying data reported in that cell was calculated in accordance with the *Accounting Practices and Procedures Manual*. However, reporting entities are not precluded from reporting the information at a more detailed level (by lot) if not opposed by their domiciliary commissioner.

"To Be Announced" securities (commonly referred to as TBAs) are to be reported in Schedule D unless the structure of the security more closely resembles a derivative, as defined within *SSAP No. 86—Derivatives*, in which case the security should be reported on Schedule DB. The exact placement of TBAs in the investment schedules depends upon how a company uses TBA.

For Rabbi Trusts, refer to *SSAP No. 104R—Share-Based Payments* for accounting guidance.

For the Foreign Code columns in Schedules D and DA, the following codes should be used:

"A" For Canadian securities issued in Canada and denominated in U.S. dollars.

"B" For those securities that meet the definition of foreign provided in the Supplement Investment Risk Interrogatories and pay in a currency OTHER THAN U.S. dollars.

"C" For foreign securities issued in the U.S. and denominated in U.S. dollars.

"D" For those securities that meet the definition of a foreign as provided in the Supplement Investment Risk Interrogatories and denominated in U.S. dollars (e.g., Yankee Bonds or Eurodollar bonds).

Leave blank for those securities that do not meet the criteria for the use of "A", "B", "C" or "D."

Derivatives (Schedule DB); repurchase and reverse repurchase agreements (Schedule DA); and securities borrowing and securities lending transactions (Schedule DL) shall be shown gross when reported in the investment schedules. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 and 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists including the gross amount, the amount offset and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

For the columns that disclose information regarding investments that are not under the exclusive control of the reporting entity, and also including assets loaned to others, the following codes should be used:

| | | |
|---|---|---|
| LS | – | Loaned or leased to others |
| RA | – | Subject to repurchase agreement |
| RR | – | Subject to reverse repurchase agreement |
| DR | – | Subject to dollar repurchase agreement |
| DRR | – | Subject to dollar reverse repurchase agreement |
| C | – | Pledged as collateral – excluding collateral pledged to FHLB |
| CF | – | Pledged as collateral to FHLB (including assets backing funding agreements) |
| DB | – | Pledged under an option agreement |
| DBP | – | Pledged under an option agreement involving "asset transfers with put options" |
| R | – | Letter stock or otherwise restricted as to sale – excluding FHLB capital stock |
| | | (Note: Private placements are not to be included unless specific restrictions as to sale are included as part of the security agreement.) |
| RF | – | FHLB capital stock |
| SD | – | Pledged on deposit with state or other regulatory body |
| M | – | Not under the exclusive control of the reporting entity for multiple reasons |
| SS | – | Short sale of a security |
| O | – | Other |

The following is the description of the General and Specific Classifications used for reporting the detail lines for bonds and stocks.

**General Classifications Bonds Only:**

Refer to *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* for additional guidance.

U.S. Government:

U.S. Government shall be defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

All Other Governments:

This includes bond investments issued by non-U.S. governments, including bonds of political subdivisions and special revenue. This includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

U.S. States, Territories and Possessions (Direct and Guaranteed):

General obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities. NAIC membership is composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Marianna Islands, Puerto Rico, and the U.S. Virgin Islands.

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed):

General obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.

U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions:

Those U.S. government issues not listed as "Securities That Are Considered "Exempt Obligations" For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation" in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included as "Filing Exemptions for Other U.S. Government Obligations". This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds. Also include mortgage reference securities that are within the scope of *SSAP No. 43R—Loan-Backed and Structured Securities*.

Industrial and Miscellaneous (Unaffiliated):

This category includes all non-governmental issues that do not qualify for some other category in Schedule D, Part 1, including privatized (non-government ownership) utility companies. Include Public Utilities.

SVO Identified Funds:

This category includes all Bond Mutual Funds included on the "List of Bond Mutual Funds Filed with the SVO (Bond Fund List)" and Exchange Traded Funds included on the "List of Exchange Traded Funds Eligible for Reporting as a Schedule D Bond (the ETF Bond List)" as found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*).

Bank Loans

See *SSAP No. 26R—Bonds* for guidance.

Hybrid Securities:

Securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or which are recognized as regulatory capital by the issuer's primary regulatory authority. Hybrid securities are designed with characteristics of debt and of equity and are intended to provide protection to the issuer's senior note holders. Hybrid securities products are sometimes referred to as capital securities. Examples of hybrid securities include Trust Preferreds, Yankee Tier 1s (with and without coupon step-ups) and debt-equity hybrids (with and without mandatory triggers).

This specifically excludes surplus notes, which are reported in Schedule BA; subordinated debt issues, which have no coupon deferral features; and "Traditional" preferred stocks, which are reported in Schedule D, Part 2, Section 1. With respect to preferred stock, traditional preferred stocks include, but are not limited to a) U.S. issuers that do not allow tax deductibility for dividends; and b) those issued as preferred stock of the entity or an operating subsidiary, not through a trust or a special purpose vehicle.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

**General Classifications Preferred Stock Only:**

Refer to *SSAP No. 32—Preferred Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated preferred stocks. Include Public Utilities, Banks, Trusts and Insurance Companies. This category includes Exchange Traded Funds included on the "List of Exchange Traded Funds Eligible for Reporting as a Schedule D Preferred Stock" as found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*).

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

**General Classifications Common Stock Only:**

Refer to *SSAP No. 30R—Unaffiliated Common Stock* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Industrial and Miscellaneous (Unaffiliated):

All unaffiliated common stocks that are not mutual funds or money market mutual funds. Include Public Utilities, Banks, Trusts and Insurance Companies.

Mutual Funds:

All investments in shares of funds regulated as mutual funds by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940. This definition does not include unit investments trusts, closed-end funds or hedge funds.

Foreign (non-SEC registered) open-end investment funds governed and authorized in accordance with regulations established by the applicable foreign jurisdiction. Other foreign funds are excluded.

Unit Investment Trusts:

All investments in shares of funds regulated as unit investments trusts by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940.

Closed-End Funds:

All investments in shares of funds regulated as closed-end funds by the U.S. Securities and Exchange Commission under the federal Investment Company Act of 1940.

Parent, Subsidiaries and Affiliates:

Defined by *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

**General Classifications Cash Equivalents Only:**

Refer to *SSAP No. 2R— Cash, Cash Equivalents, Drafts and Short-Term Investments*.

Money Market Mutual Funds:

All investment in shares of funds regulated as money market mutual funds by the U.S. Securities and Exchange Commission.

**Specific Classifications:**

Issuer Obligations:

All bonds not backed by other loans and other assets. Those securities subject to the guidance in *SSAP No. 26R—Bonds*.

Residential Mortgage-Backed Securities:

Those securities directly or indirectly secured by liens on one- to four-family residential properties and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Includes prime, subprime, Alt-A mortgages, as well as home equity loans and home equity lines of credit.

Commercial Mortgage-Backed Securities:

Those securities directly or indirectly secured by a lien on one or more parcels of commercial real estate with one or more structures located on the real estate and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*. Does not include those securities secured by liens on one- to four-family residential properties.

Other Loan-Backed and Structured Securities:

Those securities subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities* not included in the definition of Residential Mortgage-Backed Securities or Commercial Mortgage-Backed Securities.

# STOCK EXCHANGE LIST

This is not a comprehensive list of stock exchanges. If a stock exchange is not found in the list below, use a description or abbreviation that accurately identifies the exchange.

| | |
|---|---|
| Abidjan Stock Exchange | CI |
| AEX Options and Futures Exchange | E |
| AEX Stock Exchange | AS |
| Alpha Trading Systems | AL |
| American Stock Exchange | A |
| Amman Stock Exchange | AM |
| Australian Stock Exchange | AX |
| Bahrain Stock Exchange | BH |
| Barcelona Stock Exchange - CATS Feed | MC |
| Barcelona Stock Exchange - Floor Trading | BC |
| Beirut Stock Exchange | BY |
| Belfox | b |
| Berlin Stock Exchange | BE |
| Berne Stock Exchange | BN |
| Bilbao Stock Exchange | BI |
| BlockBook ATS | BBK |
| Bombay Stock Exchange | BO |
| Boston Stock Exchange | B |
| Botswana Share Market | BT |
| Bremen Stock Exchange | BM |
| Brussels Stock Exchange | BR |
| Cairo and Alexandria Stock Exchange | CA |
| Calcutta Stock Exchange | CL |
| Canadian Ventures Exchange | V |
| Channel Islands | CH |
| Chicago Board Options Exchange | W |
| Chicago Stock Exchange | MW |
| Chile Electronic Exchange | CE |
| CHI-X Exchange | INS |
| Cincinnati Stock Exchange | C |
| Colombo Stock Exchange | CM |
| Copenhagen Stock Exchange | CO |
| Dehli Stock Exchange | DL |
| Doha Securities Market | QA |
| Dubai Financial Market | DU |
| Dubai International Financial Exchange | DI |
| Dusseldorf Stock Exchange | D |
| Electronic Stock Exchange of Venezuela | EB |
| Frankfurt Stock Exchange | F |
| Fukuoka Stock Exchange | FU |
| Ghana Stock Exchange | GH |
| Hamburg Stock Exchange | H |
| Hanover Stock Exchange | HA |
| Helsinki Stock Exchange | HE |
| Hong Kong Stock Exchange | HK |
| Iceland Stock Exchange | IC |
| Interbolsa (Portugal) | IN |
| International Securities Exchange (ISE) | Y |
| Irish Stock Exchange | I |
| Istanbul Stock Exchange | IS |
| Jakarta Stock Exchange | JK |
| Japanese Securities Dealers Association (JASDAQ) | Q |
| Johannesburg Stock Exchange | J |
| Kabu.com PTS | KAB |
| Karachi Stock Exchange | KA |
| Kazakhstan Stock Exchange | KZ |
| Korea Stock Exchange | KS |
| Korean Futures Exchange | KFE |
| KOSDAQ (Korea) | KQ |
| Kuala Lumpur Stock Exchange | KL |
| Kuwait Stock Exchange | KW |
| Kyoto Stock Exchange | KY |
| Lagos Stock Exchange | LG |
| Latin American Market in Spain (LATIBEX) | LA |
| Le Nouveau Marche | LN |
| Lima Stock Exchange | LM |
| Lisbon Stock Exchange (Portugal) | LS |
| London Stock Exchange | L |
| Lusaka Stock Exchange | LZ |
| Luxembourg Stock Exchange | LU |
| Madras Stock Exchange | MD |
| Madrid Stock Exchange - Floor Trading | MA |
| Malta Stock Exchange | MT |
| Mauritius Stock Exchange | MZ |
| Medellin Stock Exchange | ML |
| Mexican Stock Exchange | MX |
| Milan Stock Exchange | MI |
| MONEP Paris Stock Options | p |
| Montreal Exchange | M |
| Moscow Inter Bank Currency Exchange | MM |
| Moscow Stock Exchange | MO |
| Munich Stock Exchange | MU |
| Muscat Stock Exchange | OM |
| Nagoya Stock Exchange | NG |
| Nairobi Stock Exchange | NR |
| Namibia Stock Exchange | NM |
| NASDAQ | OQ |
| NASDAQ Dealers - Bulletin Board | OB |
| NASDAQ Japan | OJ |
| National Stock Exchange of India | NS |
| NewEx (Austria) | NW |
| New York Stock Exchange | N |
| New Zealand Stock Exchange | NZ |
| NYSE Match Point | MP |
| Occidente Stock Exchange | OD |
| Osaka Stock Exchange | OS |
| Oslo Stock Exchange | OL |
| Pacific Stock Exchange | P |
| Paris Stock Exchange | PA |
| Philadelphia Stock Exchange | PH |
| Philadelphia Stock Exchange Options | X |
| Phillipine Stock Exchange | PS |
| Pink Sheets (National Quotation Bureau) | PNK |
| Prague Stock Exchange | PR |

| | | | |
|---|---|---|---|
| Pure Trading | PT | Taiwan OTC Securities Exchange | TWO |
| RASDAQ (Romania) | RQ | Taiwan Stock Exchange | TW |
| Riga Stock Exchange | RI | Tallinn Stock Exchange | TL |
| Rio de Janeiro OTC Stock Exchange (SOMA) | SO | Tel Aviv Stock Exchange | TA |
| Russian Trading System | RTS | Thailand Stock Exchange | BK |
| Santiago Stock Exchange | SN | Third Market | TH |
| Sao Paulo Stock Exchange | SA | Tokyo Commodity Exchange | TCE |
| Sapporo Stock Exchange | SP | Tokyo Financial Futures Exchange | TFF |
| Saudi Stock Exchange | SE | Tokyo Stock Exchange | T |
| SBI Japannext | JNX | Toronto Options Exchange | K |
| SBI Stock Exchange (Sweden) | SBI | Toronto Stock Exchange | TO |
| Shanghai Stock Exchange | SS | Tradepoint Stock Exchange | TP |
| Shenzhen Stock Exchange | SZ | Tunis Stock Exchange | TN |
| Singapore Exchange - Derivatives | SIM | Turqoise | TQ |
| Singapore Stock Exchange | SI | Ukraine PFTS | PFT |
| St. Petersburg Stock Exchange | PE | Valencia Stock Exchange | VA |
| Stockholm Stock Exchange | ST | Vienna Stock Exchange | VI |
| Stuttgart Stock Exchange | SG | Vilnus Stock Exchange | VL |
| Surabaya Stock Exchange | SU | virt-x | VX |
| SWX Quotematch AG | QMH | Xetra | DE |
| SWX Swiss Exchange | S | Zagreb Stock Exchange | ZA |
| Sydney Futures Exchange | SFE | Zimbabwe Stock Exchange | ZI |

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Summary Investment
Schedule and
Verifications

## SUMMARY INVESTMENT SCHEDULE

This schedule was developed to assist regulators in identifying and analyzing the risks inherent in a portfolio of securities as well as identifying the differences in valuation and admission between those practices prescribed or permitted by the state of domicile and those set forth in the NAIC *Accounting Practices and Procedures Manual*. This schedule includes only those assets from the general account. The line captions were developed with the intention of grouping securities with common risk characteristics together. These groupings were determined based upon a review of schedules within the NAIC Annual Statement and the Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (FFIEC 031, also known as the "Call Report").

Column 1 – Gross Investment Holdings – Amount

This column represents the value reported on the Investment Schedules. The amounts reported in this column should tie to Column 1 of the Asset Page.

Column 2 – Gross Investment Holdings – Percentage

Amount represents the percentage of the individual Column 1 line item to the Total Invested Assets amount presented in Column 1, Line 13.

Column 3 – Admitted Assets as Reported in the Annual Statement – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria prescribed or permitted by the state of domicile (i.e., the basis of admitted assets reported in the Annual Statement). A variation between the amounts in Column 1 and Column 3 would indicate that a reporting entity valued or admitted an asset differently under its state law than it would have under the NAIC *Accounting Practices and Procedures Manual*. An example includes a case where an entity was required to nonadmit an asset under its state investment law but was not required to nonadmit under the NAIC *Accounting Practices and Procedures Manual* because there are no investment limits within the Manual. Another example includes a case where an entity was not able to admit an asset under the NAIC *Accounting Practices and Procedures Manual* (i.e., it did not meet the requirements of *SSAP No. 4—Assets and Nonadmitted Assets*) but was able to admit the asset under the basket clause within the state investment law. This Column should tie to Column 3 of the Asset page.

Column 4 – Admitted Assets as Reported in the Annual Statement – Securities Lending Reinvested Collateral Amount

This column represents Schedule DL, Part 1 (Page 2, Line 10) reflected in their respective investment categories.

Line 13, Total Invested Assets should equal Column 3, Line 11, Securities Lending.

Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount

For Lines 1 through 10, Column 5 should equal Column 3 plus Column 4.

For Line 13, Column 5 should equal Column 3, Line 13 plus Column 4, Line 13 minus Column 3, Line 11.

Column 6 – Admitted Assets as Reported in the Annual Statement – Percentage

Amount represents the percentage of the individual Column 5 line item to the Total Invested Assets amount presented in Column 5, Line 13.

Line 1.01 – U.S. Governments

Include: The value of all U.S. Government securities defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Column 1 should equal the Schedule D, Part 1, Line 0599999.

Line 1.02 – All other Governments

Include: The value of all investments issued by non-U.S. governments, including bonds of political subdivisions and special revenue. This includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

Column 1 should equal the Schedule D, Part 1, Line 1099999.

Line 1.03 – U.S. States, Territories and Possessions, etc. Guaranteed

Include: The value of general obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities.

Column 1 should equal the Schedule D, Part 1, Line 1799999.

Line 1.04 – U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Include: The value of general obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.

Column 1 should equal the Schedule D, Part 1, Line 2499999.

Line 1.05 – U.S. Special Revenue & Special Assessment Obligations, etc. Non-Guaranteed

Include: The value of those U.S. government issues not listed as "Securities That Are Considered "Exempt Obligations" For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation" in the *Purposes and Procedures manual of the NAIC Investment Analysis Office*, yet included as "Filing Exemptions for Other U.S. Government Obligations". This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds.

Column 1 should equal the Schedule D, Part 1, Line 3199999.

Line 1.06 –- Industrial and Miscellaneous

Include: The value of all non-governmental issues that do not qualify for some other bond category, including privatized (non-government ownership) utility companies. Include Public Utilities.

Column 1 should equal the Schedule D, Part 1, Line 3899999.

Line 1.07 – Hybrid Securities

Include: The value of securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or that are recognized as regulatory capital by the issuer's primary regulatory authority.

Column 1 should equal the Schedule D, Part 1, Line 4899999.

Line 1.08 – Parent, Subsidiaries and Affiliates

Include: The value of all affiliated debt securities as defined under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Column 1 should equal the Schedule D, Part 1, Line 5599999.

Line 1.09 – SVO Identified Funds

Include: The value of all Bond Mutual Funds included on the "NAIC Bond Mutual Fund List" as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* and Exchange Traded Funds (ETF) included on the "SVO-Identified Bond ETF List" as published on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*) that the SVO has determined are in scope of *SSAP No. 26R - Bonds* and can be reported on Schedule D, Part 1 and the SVO assigned a NAIC Designation, NAIC Designation Category and SVO Administrative Symbol published in the NAIC's AVS+ system per the instructions in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* on the Compilation and Publication of the SVO List of Investment Securities.

Column 1 should equal the Schedule D, Part 1, Line 6099999.

Line 1.10 – Unaffiliated Bank Loans

Include: The value of all Unaffiliated Bank Loans that are within the scope of *SSAP No. 26R—Bonds*.

Column 1 should equal the Schedule D, Part 1, Line 6599999.

Line 1.11 – Total Long-Term Bonds

Sum of Lines 1.1 to 1.10.

The amount reported in Column 1 should equal the amount reported in Line 1, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 1, Column 3, Page 2, Assets.

Line 2.01 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: The value of all unaffiliated preferred stocks.

Column 1 should equal the Schedule D, Part 2, Section 1, Lines 8499999 plus 8599999.

Line 2.02 – Preferred Stocks – Parent, Subsidiaries and Affiliates

Include: The value of all preferred stock securities as defined under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Column 1 should equal the Schedule D, Part 2, Section 1, Lines 8699999 plus 8799999.

Line 2.03 – Total Preferred Stocks

Sum of Lines 2.01 to 2.02.

The amount reported in Column 1 should equal the amount reported in Line 2.1, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 2.1, Column 3, Page 2, Assets.

Line 3.01 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Publicly Traded

Include: The value of all investments in the common stock of unaffiliated entities. Publicly traded common stock includes, but is not limited to, equity securities traded on a public exchange, master limited partnerships trading as common stock and American deposit receipts only if the security is traded on the New York, American or NASDAQ exchanges, and publicly traded common stock warrants.

Exclude: Mutual funds that should be reported on Line 3.05.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9099999.

Line 3.02 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Other

Include: The value of all industrial and miscellaneous common stock of unaffiliated entities not reported in Line 3.1. Includes, but is not limited to:

(1) Equity securities not traded on a public exchange (e.g., private equities).

(2) Master limited partnership common stock not traded on the New York, American or NASDAQ exchanges.

Exclude: Mutual funds that should be reported on Line 3.05.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9199999.

Line 3.03 – Common Stocks – Parent, Subsidiary and Affiliates Publicly Traded

Include: The value of all investments in the common stock of affiliated entities. Publicly traded common stock includes, but is not limited to, equity securities traded on a public exchange, master limited partnerships trading as common stock and American deposit receipts only if the security is traded on the New York, American or NASDAQ exchanges, and publicly traded common stock warrants.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9299999.

Line 3.04 – Common Stocks – Parent, Subsidiary and Affiliates Other

Include: The value of all unaffiliated entities not reported in Line 3.03.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9399999.

Line 3.05 – Common Stocks – Mutual Funds

Include: The value of all investments in shares of funds regulated as mutual funds by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9499999.

Line 3.06 – Common Stocks – Unit Investment Trusts

Include: The value of all investments in shares of funds regulated as unit investment trusts by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9599999.

Line 3.07 – Common Stocks – Closed-End Funds

Include: The value of all investments in shares of funds regulated as closed-end funds by the Securities and Exchange Commission reported on Schedule D, Part 2, Section 2.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 9699999.

Line 3.08 – Total Common Stocks

Sum of Lines 3.01 to 3.07.

The amount reported in Column 1 should equal the amount reported in Line 2.2, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 2.2, Column 3, Page 2, Assets.

Line 4.01 – Mortgage Loans – Farm Mortgages

Include: The value of loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pastureland, whether tillable or not and whether wooded or not. Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced and collected by any party other than the FmHA or SBA.

Column 1 should equal the sum of Lines 0199999, 0999999, 1799999 and 2599999 on Schedule B, Part 1, Column 8.

Line 4.02 – Mortgage Loans – Residential Mortgages

Include: The value of loans secured by real estate as evidenced by mortgages (FHA, FmHA, VA or conventional) or other liens on nonfarm property containing one to four dwelling units (including vacation homes) or more than four dwelling units if each is separated from other units by dividing walls that extend from ground to roof (e.g., row houses, townhouses or the like); mobile homes where (a) state laws define the purchase or holding of a mobile home as the purchase or holding of real property and where (b) the loan to purchase the mobile home is secured by that mobile home as evidenced by a mortgage or other instrument on real property; individual condominium dwelling units and loans secured by an interest in individual cooperative housing units, even if in a building with five or more dwelling units; and housekeeping dwellings with commercial units combined where use is primarily residential and where only one to four family dwelling units are involved.

Column 1 should equal the sum of Lines 0299999, 0399999, 1099999, 1199999, 1899999, 1999999, 2699999 and 2799999 on Schedule B, Part 1, Column 8.

Line 4.03 – Mortgage Loans – Commercial Mortgages

Include: The value of loans secured by real estate as evidenced by mortgages or other liens on business and industrial properties, hotels, motels, churches, hospitals, educational and charitable institutions, dormitories, clubs, lodges, association buildings, "homes" for aged persons and orphans, golf courses, recreational facilities, and similar properties.

Column 1 should equal the sum of Lines 0499999, 0599999, 1299999, 1399999, 2099999, 2199999, 2899999 and 2999999 on Schedule B, Part 1, Column 8.

Line 4.04 – Mortgage Loans – Mezzanine Real Estate Loans

Include: Mezzanine real estate loans as defined in *SSAP No. 83—Mezzanine Real Estate Loans*.

Column 1 should equal the sum of Lines 0699999, 1499999, 2299999 and 3099999 on Schedule B, Part 1, Column 8.

Line 4.05 – Total Valuation allowance

Column 1 should equal Schedule B – Verification Between Years Line 12.

Line 4.06 – Total Mortgage Loans

Sum of Lines 4.01 to 4.05.

The amount reported in Column 1 should equal the amount reported in Line 3.1 plus Line 3.2, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 3.1 plus Line 3.2, Column 3, Page 2, Assets.

Line 5 – Real Estate

Include: Properties occupied by the company. (Line 5.01).

Properties held for the production of income. (Line 5.02).

Properties held for sale. (Line 5.03).

Line 5.01, Column 1 should equal the amount reported in Line 4.1, Column 1, Page 2, Assets.

Line 5.01, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.

Line 5.02, Column 1 should equal the amount reported in Line 4.2, Column 1, Page 2, Assets.

Line 5.02, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.

Line 5.03, Column 1 should equal the amount reported in Line 4.3, Column 1, Page 2, Assets.

Line 5.03, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.

Line 6.01 – Cash

Include: The value of cash (Schedule E, Part 1).

Line 6.02 – Cash Equivalents

Include: The value of cash equivalents (Schedule E, Part 2 including money market mutual funds).

Line 6.03 – Short Term Investments

Include: The value of short-Term Investments (Schedule DA, Part 1).

Line 6.04 – Cash, Cash Equivalents and Short-term investments

Sum of Lines 6.01 to 6.03.

Column 1 should equal the amount reported in Line 5, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 5, Column 3, Page 2, Assets.

Line 7 – Contract Loans

Include: The value of all contract loans.

Column 1 should equal the amount reported in Line 6, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 6, Column 3, Page 2, Assets.

Line 8 – Derivatives

Include: The value of derivatives.

Column 1 should equal the amount reported in Line 7, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 7, Column 3, Page 2, Assets.

Line 9 – Other Invested Assets

Include: The value of securities listed on the Schedule BA.

Column 1 should equal the amount reported in Line 8, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 8, Column 3, Page 2, Assets.

Line 10 – Receivables for Securities

Include: The value of receivable for securities.

Column 1 should equal the amount reported in Line 9, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 9, Column 3, Page 2, Assets.

Line 11 – Securities Lending (Reinvested Collateral Line 10, Asset Page)

Include: The value of securities lending.

Column 1 should equal the amount reported in Line 10, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 10, Column 3, Page 2, Assets.

Line 12 – Other Invested Assets (Page 2, Line 11)

Include: The value of all other invested assets that have not been included in Lines 1 through 11 above.

Column 1 should equal the amount reported in Line 11, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 11, Column 3, Page 2, Assets.

Line 13 – Total Invested Assets

Sum of Lines 1 to 12. The amount reported in Column 1 should equal the amount of total invested assets reported in Line 12 Column 1, Page 2, Assets.

Sum of Lines 1 to 12. The amount reported in Column 3 should equal the amount of total invested assets reported in Line 12 Column 3, Page 2, Assets.

## SCHEDULE A – VERIFICATION BETWEEN YEARS

## REAL ESTATE

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Report the book/adjusted carrying value excluding accrued interest of real estate owned as of December 31, of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual cost at the time the asset was originally acquired. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investment Made After Acquisition

On a year-to-date basis, report additions and improvements that increased the investment subsequent to the time the asset was originally acquired.

Line 3 – Current Year Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Line 4 – Total Gain (Loss) on Disposals

Report the total gain (loss) on disposal of real estate for the year.

Line 5 – Deduct Amounts Received on Disposals

This is the consideration received on the disposal and should include not only real estate fully disposed but also real estate partially disposed.

Line 6 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 7 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 8 – Deduct Current Year's Depreciation

Report the total depreciation for the entire year.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

Include the unrealized valuation gain/loss for separate account only

Line 9 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 9 should tie to the Assets Page, Column 1, the sum of all types of real estate included in Lines 4.1, 4.2 and 4.3.

Line 10 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to real estate loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 11 – Statement Value at End of Current Period

Report the statement value of real estate owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

## SCHEDULE B – VERIFICATION BETWEEN YEARS

## MORTGAGE LOANS

Line 1 – Book Value/Recorded Investment excluding Accrued Interest on December 31 of Prior Year

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of December 31 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisitions

Report the actual amount loaned for the mortgages at the time the asset was originally acquired. The cost of acquiring the assets includes any additional amounts that are to be capitalized. Accordingly, there may be a premium or discount on such loans resulting from a difference between the amount paid and the principal amount. Do not include additional expenditures after the time of initial acquisition. These amounts are reported on Line 2.2.

Line 2.2 – Additional Investments Made After Acquisitions

Report additional amounts that increased the mortgage during the year subsequent to the time the asset was originally acquired, e.g., increases in the loan. Include additional loans on mortgages that were subsequently disposed during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases in the book value/recorded investment (excluding accrued interest) for the year.

Include: The amount on mortgage loans still owned as of the reporting date and the amount on mortgage loans disposed and reported on Schedule B, Part 3, Column 8.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of mortgages for the year.

Line 7 – Deduct Amounts Received On Disposals

Considerations received on mortgages disposed during the year.

Line 8 – Deduct Amortization of Premium and Mortgage Interest Points and Commitment Fees

Report the total amount of premium, mortgage interest points, and commitment fees amortized for the year as included in Schedule B, Part 1, Column 10 and Schedule B, Part 3, Column 9. Refer to *SSAP No. 37—Mortgage Loans* for accounting guidance.

Line 9 – Total Foreign Exchange Change In Book Value/Recorded Investment Excluding Accrued Interest

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book Value/Recorded Investment Excluding Accrued Interest at End of Current Period

Report the book value/recorded investment (excluding accrued interest) of mortgages owned as of the end of the year.

Line 12 – Total Valuation Allowance

Report as a negative number the aggregate outstanding valuation allowance related to impaired loans as set forth in *SSAP No. 37—Mortgage Loans*.

Line 14 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to mortgage loans.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 15 – Statement Value at End of Current Period

Report the statement value of mortgages owned as of December 31, current year. This should agree with Page 2, Column 3, of the current year's statement.

## SCHEDULE BA – VERIFICATION BETWEEN YEARS

## LONG-TERM INVESTED ASSETS

Line 1 – Book/Adjusted Carrying Value of Long-Term Invested Assets Owned, December 31 of Prior Year

Report the book/adjusted carrying value of other long-term invested assets and collateral loans owned as of December 31 prior year shown on Page 2, Column 1 of the prior year's statement.

Line 2.1 – Actual Cost at Time of Acquisition

Include: The actual cost at the time the asset was originally acquired.

The cost of acquiring the assets including broker's commission and incidental expenses of effecting delivery.

Exclude: Additional expenditures after the time of the initial acquisition or encumbrances or impairments.

Line 2.2 – Additional Investment Made After Acquisition

Include: The actual cost (including Broker's commissions and incidental expenses of affecting delivery) to increase investments in the original assets.

Improvements to the assets subsequent to acquisition.

Activity on investments sold during the year.

Line 3 – Capitalized Deferred Interest and Other

Report the other capitalized past due interest and other items for the year.

Line 4 – Accrual of Discount

Report the total amount of discount accrued for the year as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Line 5 – Unrealized Valuation Increase (Decrease)

Report the total amount of noncash increases and decreases to the book/adjusted carrying value, except for amounts reported on Lines 4, 8 and 9. This includes a valuation allowance as allowed under *SSAP No. 37—Mortgage Loans*.

Line 6 – Total Gain (Loss) on Disposal

Report the gain (loss) on disposal of other long-term invested assets for the year.

Line 7 – Deduct Amounts Received on Disposal

Include: Portions of investments repaid during the year.

Considerations received on investments disposed during the year are to be included.

Line 8 – Deduct Amortization of Premium and Depreciation

Report the total amount of premium amortized during the year and amount of depreciation on any assets that are considered real estate on a look-through basis, as included in Schedule BA, Part 1, Column 14 and Schedule BA, Part 3, Column 10.

Report the amount of depreciation on any assets that are considered real estate on a look-through basis.

Line 9 – Total Foreign Exchange Change in Book Value/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 10 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 11 – Book/Adjusted Carrying Value at End of Current Period

Report the book/adjusted carrying value of other long-term invested assets owned as of the end of the year.

Line 12 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to long-term invested assets.

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

Line 13 – Statement Value at End of Current Period

Report the statement value of other long-term invested assets owned as of December 31, current year, shown on Page 2, Column 3 of the current year's statement.

## SCHEDULE D – VERIFICATION BETWEEN YEARS

## BONDS AND STOCKS

Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year

Report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D, Verification Between Years, of the prior year's annual statement.

Line 2 – Cost of Bonds and Stocks Acquired

Report the actual cost to acquire bonds and stocks for the year. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 3 – Accrual of Discount

Report the total amount of discount accrued for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

Report the profit (loss) on sales of bonds and stocks for the year.

Line 6 – Deduct Consideration for Bonds and Stocks Disposed of During the Year

Report the total considerations received on bonds and stocks for the year.

Line 7 – Deduct Amortization of Premium

Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Report only the total investment income recognized, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the year, as a result of a prepayment penalty and/or acceleration fee. Line 10 should equal Note 5, Line 5Q(2).

Line 11 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

Line 12 – Deduct Total Nonadmitted Amounts

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

Line 13 – Statement Value of Bonds and Stocks, Current Period

This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

## SCHEDULE D – SUMMARY BY COUNTRY

## LONG-TERM BONDS AND STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Enter summarized amounts in the appropriate columns by the specified major classifications, subdividing into United States, Canada, and Other Countries where applicable. For purposes of this schedule, investments in Other Countries are considered Foreign Investments. For the definition of Foreign Investment, and Domestic Investment, see instructions to the Supplemental Investment Risk Interrogatories.

Column 2 – Fair Value

For certain bonds, values other than actual market may appear in this column. (See Schedule D, Part 1 instructions for details.)

Exclude: Accrued interest.

Column 3 – Actual Cost

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

Exclude: Accrued interest.

Lines 8 through 11 – Bonds – Industrial and Miscellaneous, SVO Identified Funds, Unaffiliated Bank Loans and Hybrid Securities (Unaffiliated)

Include: Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO reported in Schedule D, Part 1.

Unaffiliated Bank Loans

Line 13 – Total Bonds

Columns 1, 2, 3, and 4, should agree with Columns 11, 9, 7 and 10, respectively, in Schedule D, Part 1.

Column 1 should equal Column 1, Line 1 of the Assets page.

Lines 14 through 17 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Exchange Traded Funds (ETFs) reported in Schedule D, Part 2, Section 1.

Line 19 – Total Preferred Stocks

Columns 1, 2 and 3 should agree with Columns 8, 10 and 11, respectively, in Schedule D, Part 2, Section 1.

Column 1 should equal Column 1, Line 2.1 of the Assets page.

Lines 20 through 23 – Common Stocks – Industrial and Miscellaneous (Unaffiliated)

Include: Mutual funds reported in Schedule D, Part 2, Section 2.

Line 25 – Total Common Stocks

Columns 1, 2 and 3 should agree with Columns 6, 8 and 9, respectively, in Schedule D, Part 2, Section 2.

Column 1 should equal Column 1, Line 2.2 of the Assets page.

## SCHEDULE D – PART 1A – SECTION 1

## QUALITY AND MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND NAIC DESIGNATION

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by quality, designation, maturity and bond categories. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

   (ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

   (iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, "No Maturity Date" in Section 9 "SVO Identified Funds." Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the "Over 20 years" category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the "Over 20 years" category, or earlier if justifiable.

There are 14 sections to this schedule: Sections 1 through 10 for each of the 10 bond categories, Section 11 for total bonds current year, Section 12 for total bonds prior year, Section 13 for total bonds publicly traded and Section 14 for total bonds privately placed. The 10 bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those 10 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and in Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 10. Unaffiliated Bank Loans

Lines 6599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

The quality designation used is the "NAIC Designation" that appears with each bond as listed in the *Valuations of Securities*. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk. For each Section 1 through 14, seven lines of information are shown, which are numbered in a format "X.Y" where the number "X" is the number of the section and the number "Y" is the order of the line within the section. The lines within each section are categorized as follows for Section "X".

| | | |
|---|---|---|
| X.1 | Highest Quality | (NAIC 1) |
| X.2 | High Quality | (NAIC 2) |
| X.3 | Medium Quality | (NAIC 3) |
| X.4 | Low Quality | (NAIC 4) |
| X.5 | Lower Quality | (NAIC 5) |
| X.6 | In or near default | (NAIC 6) |
| X.7 | Total for section | |

Column 11 is to contain publicly traded securities i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered publicly traded for Annual Statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

Column 12 Footnote

Include bonds that are qualified for resale under SEC Rule 144A.

Include bonds that are freely tradable under SEC Rule 144 (e.g., that are presently held by, and for the immediately preceding three year period have been held by, persons unrelated to the issuer); however, there shall be excluded any such security containing a contractual restriction against resale (a “right of first refusal” provision is not considered a restriction against resale).

Footnote (d)

Provide the total book/adjusted carrying value amount reported in Section 11, Column 1 by NAIC designation that represents the amount of securities reported in Schedule DA and Schedule E, Part 2.

The sum of the amounts by NAIC designation (NAIC 1, NAIC 2, NAIC 3, NAIC 4, NAIC 5 and NAIC 6) reported in the footnote should equal the sum of Schedule DA, Part 1, Column 7, Lines 8399999 plus Schedule E, Part 2, Column 7, Line 8399999.

## SCHEDULE D – PART 1A – SECTION 2

## MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31 BY MAJOR TYPE AND SUBTYPE

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by maturity, major bond categories and the subcategories of issuer obligations, and mortgage-backed/loan-backed and structured securities.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

   (ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

   (iii) Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, "No Maturity Date" in Section 9 "SVO Identified Funds." Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the "Over 20 years" category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the "Over 20 years" category, or earlier if justifiable.

There are 14 sections to this schedule: Sections 1 through 10 for each of the 10 bond categories, Section 11 for total bonds current year, Section 12 for total bonds prior year, Section 13 for total bonds publicly traded and Section 14 for total bonds privately placed. The 10 bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those 10 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Governments

Line 0599999 from Schedule D, Part 1, Column 11; Line 0599999 from Schedule DA, Part 1, Column 7; and Line 0599999 from Schedule E, Part 2, Column 7.

Section 2. All Other Governments

Lines 1099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 3. U.S. States, Territories and Possessions, Guaranteed

Lines 1799999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed

Lines 2499999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 5. U.S. Special Revenue & Special Assessment Obligations, etc. Non-guaranteed

Lines 3199999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 6. Industrial & Miscellaneous (Unaffiliated)

Line 3899999 from Schedule D, Part 1, Column 11; Line 3899999 from Schedule DA, Part 1, Column 7; and Line 3899999 from Schedule E, Part 2, Column 7.

Section 7. Hybrid Securities

Lines 4899999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 8. Parent, Subsidiaries and Affiliates

Lines 5599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 9. SVO Identified Funds

Lines 6099999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

Section 10. Unaffiliated Bank Loans

Lines 6599999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.

For each major section, the following subgroups, which are described in the Investment Schedules General Instructions, shall be presented by maturity category:

Sections 1 through 7:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities

Sections 8:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- Affiliated Bank Loans – Issued
- Affiliated Bank Loans – Acquired

Section 9:

- Exchange Traded Funds – as Identified by the SVO
- Bond Mutual Funds – as Identified by the SVO

Section 10:

- Unaffiliated Bank Loans – Issued
- Unaffiliated Bank Loans – Acquired

Sections 11 through 14:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- SVO Identified Funds
- Affiliated Bank Loans
- Unaffiliated Bank Loans

Column 11 is to contain publicly traded securities, i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered publicly traded for annual statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

## SCHEDULE DA – VERIFICATION BETWEEN YEARS

## SHORT-TERM INVESTMENTS

Report the aggregate amounts required by type of short-term investment asset. The categories of assets to be reported are: bonds; mortgage loans; other short-term investment assets; and investments in parent, subsidiaries and affiliates. A grand total of all activity is also required.

Column 1 – Total

Equals the sum of Columns 2 through 5.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

In Column 1, report the book/adjusted carrying value per Schedule DA, Part 1, Column 7 of the prior year's annual statement.

Line 2 – Cost of Short-Term Investments Acquired

Report the aggregate cost of short-term investments acquired during the year. A reporting entity may summarize all "overnight" transactions and report the net amount as an increase in short-term investments on this line; all other transactions shall be recorded gross.

Line 3 – Accrual of Discount

In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

In Column 1, report the profit (loss) on disposal of short-term investments.

Line 6 – Deduct Consideration Received on Disposals of Short-Term Investments

Report the proceeds received on disposal of short-term investments. A reporting entity may summarize all "overnight" transactions and report the net amount as a decrease in short-term investments on this line; all other transactions shall be recorded gross.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of amortization of premium during the year. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value, Current Year

Column 1 equals Schedule DA, Part 1, Column 7, Total.

Line 11 – Deduct Total Nonadmitted Amounts

In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 12 – Statement Value at End of Current Period

In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for short-term investments.

## SCHEDULE DB – PART A VERIFICATION BETWEEN YEARS

## OPTIONS, CAPS, FLOORS, COLLARS, SWAPS and FORWARDS

The purpose of this schedule is to roll the information reported on Schedule DB, Part A, Sections 1 and 2 from the prior year to the end of the current reporting year.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Line 2 – Cost Paid/(Consideration Received) on Additions

- Line 2.1 – Current Year Paid/(Consideration Received) at Time of Acquisition, Still Open, Section 1 Column 12
- Line 2.2 – Current Year Paid/(Consideration Received) at Time of Acquisition, Terminated, Section 2 Column 14

Line 3 – Unrealized Valuation Increase/(Decrease)

- Line 3.1 – Section 1, Column 17
- Line 3.2 – Section 2, Column 19

Line 4 – SSAP No. 108 Adjustments

Line 5 – Total Gain (Loss) on Termination Recognized, Section 2, Column 22

Line 6 – Considerations Received/(Paid) on Terminations, Section 2, Column 15

Line 7 – Amortization

- Line 7.1 – Section 1, Column 19
- Line 7.2 – Section 2, Column 21

Line 8 – Adjustment to Book/Adjusted Carrying Value of Hedged Item

- Line 8.1 – Section 1, Column 20
- Line 8.2 – Section 2, Column 23

Line 9 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

- Line 9.1 – Section 1, Column 18
- Line 9.2 – Section 2, Column 20

Line 10 – Book/Adjusted Carrying Value at End of Current Period (1 + 2 + 3 + 4 + 5 - 6 + 7 + 8 +9)

Line 11 – Deduct Nonadmitted Assets

Line 12 – Statement Value at End of Current Period (10 – 11)

## SCHEDULE DB – PART B – VERIFICATION BETWEEN YEARS

## FUTURES CONTRACTS

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

Show the total from the prior year. For purposes of this schedule, positive amounts should be reported for assets, and negative amounts should be reported for liabilities.

Line 2 – Cumulative Cash Change

Show the cash that the company received (paid) as initial margin for entering the futures contracts (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change Column).

Line 3.11 & 3.12 – Change in the Variation Margin on Open Contracts – Highly Effective Hedges

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.13 & 3.14 – Change in the Variation Margin on Open Contracts – All Other

Report the change in the variation margin on open contracts between years. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.21 & 3.22 – Change in adjustment to basis of hedged item

Report the change in variation margin on open contracts between years that were adjusted into the hedged item(s). Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.23 & 3.24 – Change in amount recognized

Report the change in variation margin on open contracts between years that were recognized. Report separately the change in variation margin on futures contracts open in the prior year from futures contracts open in the current year.

Line 3.3 – Subtotal the change in variation margin on open contracts used to adjust hedged item(s) and recognized less the total change in variation margin on open contracts.

Line 4.1 – Report the cumulative variation margin on contracts terminated during the year.

Line 4.21 – Report the amount of gain (loss) adjusted into the hedged item(s) from terminated contracts during the year.

Line 4.22 – Report the amount of gain (loss) recognized from terminated contracts during the year.

Line 4.3 – Subtotal the total gain (loss) on terminated contracts during the year less the total gain (loss) on contracts terminated during the year that were recognized or basis adjusted into the hedged item(s).

Line 5 – Dispositions of gains (losses) on contracts terminations in the prior years

Line 5.1 – Total gain (loss) recognized in current year for terminations in the prior year

Line 5.2 – Total gain (loss) adjusted into the hedged item(s) current year for terminations in the prior year.

Report the gain (loss) on disposal of the specified derivatives for the current year.

Line 6 – Book/Adjusted Carrying Value at End of Current Period

Report the book/adjusted carrying value as of the end of the current period reflecting other-than-temporary impairments, if any.

Line 7 – Deduct Total Nonadmitted Amounts

Report the adjustment for nonadmitted amounts related to the specified derivatives as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 8 – Statement Value at End of Current Period (Line 6 minus Line 7)

Report the statement value of the specified derivatives as of the end of the current period.

## SCHEDULE DB – PART C – SECTION 1

## REPLICATION (SYNTHETIC ASSET) TRANSACTIONS (RSATs) OPEN ON DECEMBER 31 OF CURRENT YEAR

Include all RSATs owned December 31 of current year, including those open on December 31 of the previous year, and those acquired during the current year.

Column 1 – RSAT Number

Enter the RSAT Number as administered by the CUSIP Division of Standard & Poor's.

Column 2 – Description of the RSAT

Enter a complete and accurate description of the RSAT, including a description of the relationship of the Cash Instrument(s) and the Derivative(s) used to produce the replication.

Column 3 – NAIC Designation or Other Description of the RSAT

Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the RSAT, as if the RSAT was recorded on the appropriate investment schedule.

Column 4 – Notional Amount of the RSAT

Enter the Notional Amount of the RSAT, e.g. the amount on which the interest/coupon accrues.

Column 5 – Book/Adjusted Carrying Value of the RSAT

Enter the Book/Adjusted Carrying Value of the RSAT as if the reporting entity had purchased and accounted for the specified asset. Reporting entities should document the determination of this value. For each individual RSAT indicated in Column 1, report a total of all Book/Adjusted Carrying Value of Derivative Instrument plus a total of all Book /Adjusted Carrying Value of the Cash Investment(s). Use formula below for reference:

Column 10 + Column 15

Column 6 – Fair Value of the RSAT

Enter the fair value of the RSAT. Amortized or the Book/Adjusted Carrying values should not be substituted for fair value. For each individual RSAT indicated in Column 1, report a total of all Fair Value of Derivative Instruments Open plus a total of all Fair Value of the Cash Investment(s) Held. Use the formula below for reference:

Column 11 + Column 16

Column 7 – Effective Date of the RSAT

Show the start date of the RSAT.

Column 8 – Maturity Date of the RSAT

Show the maturity date of the RSAT.

Column 9 – Description of Derivative Instruments Open

Identify the derivative(s) used in the RSAT (e.g., swap, call option, etc.)

Column 10 – Book/Adjusted Carrying Value of Derivative Instrument Open

Represents the statement value, with any nonadmitted assets added back. Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 11 – Fair Value of Derivative Instrument(s) Open

Enter the fair value of derivative instrument(s) open at the end of the period.

Column 12 – CUSIP of Cash Instrument(s) Held

Enter the CUSIP or Investment Number of the Cash Instrument(s) used in the RSAT as the instrument appears on the appropriate investment schedule.

(a) CUSIP digits 1-6: Issuer number
(b) CUSIP digits 7-8: Exact issue sequence
(c) CUSIP digit 9: check digit

Column 13 – Description of Cash Instrument(s) Held

Enter description of the cash instruments used in the RSAT. This description is for reference purposes only and is not intended to replace the appropriate reporting on other investment schedules. List each cash instrument separately (i.e., do not aggregate cash instruments having the same NAIC Designation).

Column 14 – NAIC Designation or Other Description of Cash Instrument(s) Held

Enter the NAIC Designation or, when the NAIC Designation is not applicable, other description that will best identify the Risk-Based Capital and Asset Valuation Reserve (if applicable) class of the cash instrument(s) used in the RSAT.

Column 15 – Book/Adjusted Carrying Value of Cash Investment(s) Held

Represents the statement value, with any nonadmitted assets added back. Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 16 – Fair Value of Cash Instrument(s) Held

Enter the fair value of cash instrument(s) used in the RSAT.

## SCHEDULE DB – PART C – SECTION 2

## RECONCILIATION OF REPLICATION (SYNTHETIC ASSET) TRANSACTIONS OPEN

Use this schedule in both the quarterly and annual statements. Companies that are not required to file quarterly statement should leave those columns blank.

Number of Positions

Enter the number of transactions that have unique RSAT numbers.

Replication (Synthetic Asset) Transactions Statement Values

Enter "Statement Value" of the RSAT, as if the reporting entity had purchased and accounted for the specific asset. Companies should document the determination of this value. The values indicated should be the aggregate of the values for all open replication (synthetic asset) transactions.

Line 1 – Beginning Inventory

The number of positions and total replication (synthetic asset) transactions statement value should agree with the previous period's (quarterly or annual) ending inventory, Schedule DB, Part C, Section 2. Line 1 of each quarter should be the same as Line 7 of the previous quarter.

Line 2 – Opened or Acquired Transactions

Provide the number of positions opened or acquired and the aggregated replication (synthetic asset) transactions statement values as of the acquisition dates.

Line 3 – Increases in Replication (Synthetic Asset) Transaction Statement Value

Enter the aggregate increases in the statement value of replication (synthetic asset) transactions held at any time during the period.

Line 4 – Closed or Disposed of Transactions

Enter the number of positions that were disposed of during the period, with the aggregated replication (synthetic asset) transactions statement values as of the disposition dates.

Line 5 – Positions Disposed of for Failing Effectiveness Criteria

Enter the number of positions that were disposed of during the period because the position was no longer effective. Aggregate the replication (synthetic asset) transactions statement values as of the disposition dates.

Line 6 – Decreases in Replication (Synthetic Asset) Transaction Statement Value

Aggregated decreases in the statement value of the replication (synthetic asset) transactions held at any time during the period.

Line 7 – Ending Inventory

Show the net of Line 1 + Line 2 + Line 3 – Line 4 – Line 5 – Line 6.

Year to Date Columns

Line 1 should be the same as the first quarter Line 1. Lines 2 through 6 should be the sum of the quarters, through the end of the quarter being reported. Line 7 – Ending Inventory should be the same as Line 7 of the most recently completed quarter. Number of Positions and Total Replication (Synthetic Asset) Transaction Statement Value should agree with the current period's (quarterly or annual) Schedule DB, Part C, Section 2 totals.

## SCHEDULE DB – VERIFICATION

## BOOK/ADJUSTED CARRYING VALUE, FAIR VALUE AND POTENTIAL EXPOSURE OF DERIVATIVES

The purpose of this schedule is to verify the amounts reported in each individual derivative schedule (Schedule DB, Part A, Section 1 and Schedule DB, Part B, Section 1) against those reported in the Counterparty Exposure schedule (Schedule DB, Part D).

### BOOK/ADJUSTED CARRYING VALUE CHECK

Line 1 – Total Book/Adjusted Carrying Value of all derivatives found on Schedule DB, Part A, Section 1, Column 14.

Line 2 – Cumulative Variation Margin of highly effective derivatives found on Schedule DB, Part B, Section 1, Column 15 plus Total Ending Cash Balance found on Schedule DB, Part B, Section 1, Broker Name/Net Cash Deposits Footnote.

Line 3 – Grand Total of Book/Adjusted Carrying Value from individual schedules (Lines 1 + 2).

Line 4 – Total of all positive Book/Adjusted Carrying Value found on Schedule DB, Part D, Section 1, Column 5.

Line 5 – Total of all negative Book/Adjusted Carrying Value found on Schedule DB, Part D, Section 1, Column 6.

Line 6 – Grand Total Check for Book/Adjusted Carrying Value (Lines 3 – 4 – 5).

### FAIR VALUE CHECK

Line 7 – Total Fair Value of all derivatives found on Schedule DB, Part A, Section 1, Column 16.

Line 8 – Total Fair Value of futures contracts found on Schedule DB, Part B, Section 1 Column 13.

Line 9 – Grand Total of Fair Value from individual schedules (Lines 7 + 8).

Line 10 – Total of all positive Fair Value found on Schedule DB, Part D, Section 1, Column 8.

Line 11 – Total of all negative Fair Value found on Schedule DB, Part D, Section 1, Column 9.

Line 12 – Grand Total Check for Fair Value (Lines 9 – 10 – 11).

### POTENTIAL EXPOSURE CHECK

Line 13 – Total Potential Exposure of all derivatives found on Schedule DB, Part A, Section 1, Column 21.

Line 14 – Total Potential Exposure of all futures found on Schedule DB, Part B, Section 1, Column 20.

Line 15 – Total Potential Exposure of all derivatives found on Schedule DB, Part D, Section 1, Column 11.

Line 16 – Grand Total Check for Potential Exposure (Lines 13 + 14 – 15).

## SCHEDULE E – PART 2 – VERIFICATION BETWEEN YEARS

## CASH EQUIVALENTS

Column 1 – Total

Equals the sum of Columns 2, 3 and 4.

Line 1 – Book/Adjusted Carrying Value, December 31 of Prior Year

In Column 1, report the book/adjusted carrying value per Schedule E, Part 2, Column 7 of the prior year's annual statement.

Line 2 – Cost of Cash Equivalents Acquired

Report the aggregate cost of cash equivalents acquired during the year.

Line 3 – Accrual of Discount

In Column 1, report the total amount of accrual of discount during the year. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 4 – Unrealized Valuation Increase (Decrease)

Report the total unrealized valuation increase (decrease) for the year.

Line 5 – Total Gain (Loss) on Disposals

In Column 1, report the gain (loss) on disposal of cash equivalents.

Line 6 – Deduct Consideration Received on Disposals

Report the proceeds received on disposal of cash equivalents.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of amortization of premium during the year. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss for the year.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments for the year.

Line 10 – Book/Adjusted Carrying Value at end of Current Period

Column 1 equals Schedule E, Part 2, Column 7, Total.

Line 11 – Deduct Total Nonadmitted Amounts

In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

Line 12 – Statement Value at End of Current Period

In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for cash equivalents.

Schedule A

## SCHEDULE A – PART 1

## REAL ESTATE OWNED DECEMBER 31 OF CURRENT YEAR

Real estate includes land, buildings and permanent improvements (includes real estate owned under contract of sale). Also include single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. All other real estate owned indirectly (such as through joint ventures) should be included in Schedule BA. The purpose for this schedule is to report individually each property owned, classified into categories that separately identify properties occupied by the reporting entity, properties held for the production of income, and properties held for sale. Report each Real Estate project under development in the category where it will ultimately reside, (e.g., a project under development that will be owned for the production of income should be reported in properties held for the production of income category). Refer to *SSAP No. 40R—Real Estate Investments* and *SSAP No. 90—Impairment or Disposal of Real Estate Investments* for accounting guidance.

If the reporting entity has any detail lines reported for any of the following required groups, it must report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Properties Occupied by the Reporting Entity – Health Care Delivery.......... 0199999
Properties Occupied by the Reporting Entity – Administrative*.......... 0299999
Total Properties Occupied by the Reporting Entity.......... 0399999
Properties Held for the Production of Income.......... 0499999
Properties Held for Sale.......... 0599999
Totals.......... 0699999

* Companies not holding health care delivery assets should enter the total for property occupied by the reporting entity on Line 0299999. Exclude all leasehold improvements paid by the reporting entity from Schedule A, including Health Care leasehold improvements.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

A description of the information required by the columnar headings is as follows:

Column 1 – Description of Property

Show description of property, (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

Enter "!" in this column for all single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. For LLCs that do not meet criteria set forth in *SSAP No. 40R—Real Estate Investments*, report on Schedule BA.

If real estate is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

If the real estate is a single real estate property wholly-owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments* and is not under the exclusive control of the company, the "!" should appear first, immediately followed by the appropriate code (identified in the Investment Schedules General Instructions).

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – City

For properties located in the U.S., list the city. If the city is unknown indicate the county. If the property is located outside the U.S., indicate city or province.

Column 4 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Date Acquired

For individual properties, state date property was acquired.

Column 6 – Date of Last Appraisal

State date of last appraisal.

Column 7 – Actual Cost

Include: The amount expended to purchase the property along with the costs associated with acquiring title and other amounts such as additions and improvements (at the time of purchase or subsequent) that have been capitalized, less all amounts received for sales of rights or privileges in connection with the property or by any cash recoveries received after acquiring title to the property.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase or subsequent). Include all amounts expended for taxes, repairs and improvements in excess of the income of the property other than interest, prior to the date of acquiring title.

The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairment. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effects of impairments on the presentation of cost.

Column 8 – Amount of Encumbrances

Properties may be mortgaged and the outstanding principal balance, excluding accrued interest, of all liens at December 31 of the current year should be reported in this column.

Column 9 – Book/Adjusted Carrying Value Less Encumbrances

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances and net adjustments. For properties held for sale, the net adjustment to book value shall include the estimated costs to sell the property, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Exclude: Valuation allowance.

Column 10 – Fair Value Less Encumbrances

Report the fair value of the property less encumbrances. Discuss in Notes to Financial Statements, Summary of Significant Accounting Policies, the basis on which fair value was determined.

Column 11 – Current Year's Depreciation

This amount should represent the depreciation expense for the period and shall include any depreciation recorded on a property held for sale.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

The unrealized valuation gain/loss for separate account only.

Column 12 – Current Year's Other-Than-Temporary Impairment Recognized

If the real estate has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Include: Reductions to fair value on property newly classified as held for sale, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Column 13 – Current Year's Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Column 15 – Total Foreign Exchange Change in Book Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss for the year.

Column 16 – Gross Income Earned Less Interest Incurred on Encumbrances

Include: Rental income on Home Office property.

Column 17 – Taxes, Repairs and Expenses Incurred

Include: Amounts paid or accrued for taxes, repairs and other related expenses.

Exclude: Interest incurred on encumbrances.

**** Columns 18 through 22 will be electronic only. ****

Column 18 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price, at which the real estate could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued. (Reporting entities shall utilize source "c" to capture any other method used by the reporting entity to obtain observable inputs resulting in a hierarchy Level 1 or Level 2. Documentation of this source shall then be included in Column 19.)

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

"e" for securities where the rate is determined by the unit price provided in the NAIC *Valuation of Securities*.

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

Column 19 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

Column 20 – Legal Entity Identifier (LEI)

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

Column 21 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 22 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF Office

RT Retail

MU Apartment/Multifamily

IN Industrial

HC Medical/Health Care

MX Mixed Use

LO Lodging

OT Other

## SCHEDULE A – PART 2

## REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in the current and prior periods and their encumbrances. Report individually each property acquired or transferred from another category (e.g., joint ventures, Schedule BA). Property acquired and sold during the same year should be reported in both Part 2 and Part 3.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Acquired by purchase ........................................ 0199999
Acquired by internal transfer ........................................ 0299999
Totals ........................................ 0399999

Column 1 – Description of Property

Show description of property (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – City

For properties located in the U.S., list the city. If the city is unknown, indicate the county. If the property is located outside the U.S., indicate city or province.

Column 3 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Date Acquired

For individual properties, state date property was acquired.

Column 5 – Name of Vendor

Provide the name of the entity from which the property was acquired. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 6 – Actual Cost at Time of Acquisition

Include: This column should be utilized to report the cost of original purchases. The amount expended to purchase the property along with the costs associated with acquiring title.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase).

Exclude: Amounts expended for additions and permanent improvements that are reported in column 9.

The amount reported in the Actual Cost column included in Schedule A, Part 2 will never differ from the actual consideration paid to purchase the investment. Any appropriate adjustments to the Actual Cost will be made in Schedule A, Part 1 or in Schedule A, Part 3. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effects of impairments on the presentation of cost.

Column 7 – Amount of Encumbrances

Properties may be mortgaged and the outstanding principal balance, excluding accrued interest, of all liens at December 31 of the current year should be reported in this column.

Column 8 – Book/Adjusted Carrying Value Less Encumbrances

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances and net adjustments.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Exclude: Valuation allowances.

Column 9 – Additional Investment Made After Acquisition

This column should be utilized to report the amount expended for additions and permanent improvement.

Exclude: Amounts expended for original acquisitions that are reported in column 6.

**** Columns 10 through 12 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

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

Column 11 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example of two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 12 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

## SCHEDULE A – PART 3

## REAL ESTATE DISPOSED DURING THE YEAR

This schedule should reflect not only disposals of an entire real estate investment but should also include partial disposals and amounts received during the year on properties still held. Report individually each property disposed or transferred to another category (e.g., joint ventures, Schedule BA). Properties acquired and disposed during the same year should be reported in both Part 2 and Part 3.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Property disposed.......................................................................................................................................... 0199999
Property transferred ...................................................................................................................................... 0299999
Totals ............................................................................................................................................................ 0399999

A description of the information required by the columnar headings is as follows:

Column 1 – Description of Property

Show description of property, (e.g., apartment complex, land, shopping center, warehouse, etc).

Column 2 – City

For properties located in the U.S., list the city. If the city is unknown, indicate the county. If the property is located outside the U.S., indicate city or province.

Column 3 – State

For properties located in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the property is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Disposal Date

For individual properties, state date property was sold using MM/DD/YYYY format. For properties transferred to another category, this column should not be completed.

Column 5 – Name of Purchaser

Provide the name of the entity to which the property was sold. For internal transfers, indicate “internal transfer” in lieu of purchaser name.

Column 6 – Actual Cost

Include: The amount expended to purchase the property along with the costs associated with acquiring title and other amounts such as additions and improvements (at the time of purchase or subsequent) which have been capitalized, less all amounts received for sales of rights or privileges in connection with the property or by any cash recoveries received after acquiring title to the property.

For foreclosed properties or voluntary conveyances, include amounts transferred from the Mortgage Loan Account along with other costs that have been capitalized (at the time of purchase or subsequent). Include all amounts expended for taxes, repairs and improvements in excess of the income of the property other than interest, prior to the date of acquiring title.

The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairment. Refer to *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, for the effect of impairments on the presentation of cost.

Column 7 – Expended for Additions, Permanent Improvements and Changes in Encumbrances

Include: Only those amounts expended after acquiring title, including increases or reductions in encumbrances.

Column 8 – Book Adjusted Carrying Value Less Encumbrances, Prior Year

This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security.

This amount, plus the Change in Book/Adjusted Carry Value columns should equal the Book/Adjusted Carrying Value at Disposal Date.

Column 9 – Current Year's Depreciation

This amount should represent the depreciation expense for the period and shall include any depreciation recorded on a property held for sale.

Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.

The unrealized valuation gain/loss for separate account only.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

If the real estate has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Include: Reductions to fair value on property newly classified as held for sale, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Column 11 – Current Year's Change in Encumbrances

Report as a positive number any decreases in encumbrances reported on real estate for the year.
Report as a negative number any increases in encumbrances reported on real estate for the year.

Column 13 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss for the year, including reversal of any unrealized foreign exchange gain or losses previously recorded.

Column 14 – Book/Adjusted Carrying Value Less Encumbrances on Disposal

Include: The actual cost plus capitalized improvements, less depreciation, less encumbrances, and net adjustments at the time of sale or transfer. For properties held for sale, the net adjustment to book value shall include the estimated costs to sell the property, in accordance with *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Deduct: The amount of other-than-temporary impairment write-downs required under *SSAP No. 90—Impairment or Disposal of Real Estate Investments*.

Exclude: Valuation allowances.

Column 15 – Amounts Received During Year

Include: Amounts received on sale of rights and privileges, amounts from real estate sales including those amounts received in the year of disposal, and other cash receipts that reduced the book value.

Column 16 – Foreign Exchange Gain (Loss) on Disposal

Report the foreign currency exchange gain or loss from the disposal of the property.

Column 17 – Realized Gain (Loss) on Disposal

Report the market gain or loss from the disposal of the property.

Exclude: Foreign currency gain (loss) reported in Column 16.

Column 18 – Total Gain (Loss) on Disposal

Enter the sum of Column 16, foreign exchange gain (loss), and Column 17, realized gain (loss).

Column 19 – Gross Income Earned Less Interest Incurred on Encumbrances

Include: Rental income on property occupied by the company.

Column 20 – Taxes, Repairs and Expenses Incurred

Include: Amounts paid or accrued for taxes, repairs and other related expenses.

Exclude: Interest incurred on encumbrances.

**** Columns 21 through 23 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

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

Column 22 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For properties located in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the property is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 23 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

## SCHEDULE B – PARTS 1 AND 2

## MORTGAGE LOANS OWNED AND ACQUIRED – GENERAL INSTRUCTIONS

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

Mortgages in Good Standing:

Farm Mortgages ....................0199999
Residential Mortgages — Insured or Guaranteed....................0299999
Residential Mortgages — All Other....................0399999
Commercial Mortgages — Insured or Guaranteed....................0499999
Commercial Mortgages — All Other ....................0599999
Mezzanine Loans....................0699999
Total Mortgages in Good Standing (sum of 0199999 through 0699999)....................0899999

Restructured Mortgages:

Farm Mortgages ....................0999999
Residential Mortgages — Insured or Guaranteed....................1099999
Residential Mortgages — All Other....................1199999
Commercial Mortgages — Insured or Guaranteed....................1299999
Commercial Mortgages — All Other ....................1399999
Mezzanine Loans....................1499999
Total Restructured Mortgages (sum of 0999999 through 1499999)....................1699999

Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure:

Farm Mortgages ....................1799999
Residential Mortgages — Insured or Guaranteed....................1899999
Residential Mortgages — All Other....................1999999
Commercial Mortgages — Insured or Guaranteed....................2099999
Commercial Mortgages — All Other ....................2199999
Mezzanine Loans....................2299999
Total Mortgages with Overdue Interest Over 90 Days, Not in the Process
of Foreclosure (sum of 1799999 through 2299999) ....................2499999

Mortgages in the Process of Foreclosure:

Farm Mortgages ....................................................2599999

Residential Mortgages — Insured or Guaranteed....................................................2699999

Residential Mortgages — All Other ....................................................2799999

Commercial Mortgages — Insured or Guaranteed....................................................2899999

Commercial Mortgages — All Other ....................................................2999999

Mezzanine Loans....................................................3099999

Total Mortgages in the Process of Foreclosure (sum of 2599999 through 3099999)....................................................3299999

Total Mortgages
(sum of 0899999, 1699999, 2499999 and 3299999) .................................................... 3399999

**Mortgages in good standing:**

This section applies to loans on which all the original basic terms of the loan are being met by the borrowers. It also includes loans on which all the basic terms of refinancing agreements at current market terms are being met by the borrowers. Insured or guaranteed loans are considered to be only those loans insured or guaranteed by the Federal Housing Administration, the National Housing Act of Canada or by the Veterans Administration. For loans subject to a participation agreement, include only the reporting entity's share of book value/recorded investment excluding accrued interest.

**Mortgages with restructured terms:**

Restructured loans include commercial mortgage loans on which the basic terms such as interest rate, maturity date, collateral or guaranty have been restructured in 1986 or later as a result of actual or anticipated delinquency. Include those loans whose basic terms are being met in accordance with the restructuring agreement. A maturing balloon mortgage that has been refinanced or extended at below current market terms should be classified as a restructured loan. (A maturing balloon mortgage that has been refinanced or extended at current market terms should be considered a performing loan.) Current market terms are loan terms where the borrower pays a current market interest rate consistent with the collateral, maturity date, and other terms of the mortgage.

A mortgage loan will no longer be considered in this category when one or more of the following events occur:

The loan is paid in full or otherwise retired.

The loan becomes delinquent under the terms of the restructure agreement.

The loan is in the process of foreclosure.

The borrower has resumed the original contractual terms on the current loan balance including payments, interest rate and loan duration. The borrower must have also made cash payments of any interest or principal foregone during the restructure.

If none of the above are met, a loan will no longer be considered as restructured when all of the following conditions exist:

The loan-to-value ratio based upon the current appraisal cannot be greater than 80%. Additionally, the loan-to-value ratio cannot be greater than the state of domicile's limits for first mortgages. An independent appraiser must perform the current appraisal. The appraisal requirement does not apply to individual loans the lesser of $1 million or 5% of capital and surplus. The aggregate of such exempted loans must not exceed 15% of total long-term mortgage holdings.

AND

The coupon rate after restructuring is a current market rate. Such coupon rates should be consistent with the coupon rate on new commercial mortgages of comparable terms made by the reporting entity in the quarter in which the restructure date occurred, or:

On the restructure date, not be less than the quarterly average of new commercial mortgage loan rates of loans of comparable terms from the Survey of Mortgage Commitments of Commercial Properties by the American Council of Life Insurers (ACLI), by more than ½ of a percentage point difference.

AND

The restructured mortgage loan performs according to the new terms for at least two years.

**<u>Mortgages with overdue interest over 90 days not in the process of foreclosure:</u>**

Show individually mortgages upon which interest is overdue more than 90 days or upon which taxes or other liens are delinquent more than one year.

**<u>Mortgages in process of foreclosure:</u>**

This section applies to loans in the process of being foreclosed or voluntarily conveyed by the borrower to the lender. It also includes loans in which transfer of title is awaiting expiration of redemption or moratorium period.

## SCHEDULE B – PART 1

## MORTGAGE LOANS OWNED DECEMBER 31 OF CURRENT YEAR

Report separately all mortgage loans owned and backed by real estate. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations, (residential mortgage-backed securities), should be included in Schedule D.

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage loan number assigned by the reporting entity. For foreign denominated mortgages, indicate the principal indebtedness amount in its local currency.

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If mortgage loans are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 4 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter "E". If the loan was made directly to a subsidiary or affiliate enter "S". Otherwise, leave the column blank.

Column 6 – Date Acquired

State date mortgage was acquired.

Column 7 – Rate of Interest

Report the effective annual interest rate of the mortgage.

Column 8 – Book Value/Recorded Investment Excluding Accrued Interest

Report the statutory book value/recorded investment excluding accrued interest of each loan.

Deduct: Direct write-down (charge-off) if the loss is other-than-temporary. Report as a realized loss.

Exclude: Valuation allowance.

Column 9 – Unrealized Valuation Increase (Decrease)

The difference between the Book Value/Recorded Investment at the previous year-end and the Book Value/Recorded Investment at the current year-end not related to the receipt of loan principal payments, other-than-temporary impairments and amortization.

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

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

This amount should equal the net of the reporting year's amortization of premium or accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

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

If the mortgage loan has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 12 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with *SSAP No. 37—Mortgage Loans*.

Column 13 – Total Foreign Exchange Change in Book Value

Enter the unrealized foreign exchange gain or loss for the year.

Column 14 – Value of Land and Buildings

Report the appraisal value of the property (for land and buildings). For loans subject to a participation agreement, include only the reporting entity's pro rata share of the appraised value as it relates to the reporting entity's interest in the mortgage loan.

Column 15 – Date of Last Appraisal or Valuation

State date of last appraisal or valuation of the collateral.

**** Columns 16 through 19 will be electronic only. ****

Column 16 – Legal Entity Identifier (LEI)

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

Column 17 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 18 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

Column 19 – Maturity Date

State the date the mortgage loan matures.

## SCHEDULE B – PART 2

## MORTGAGE LOANS ACQUIRED AND ADDITIONS MADE DURING YEAR

Report individually all mortgage loans acquired or transferred from another category (e.g., joint ventures, Schedule BA) but also any increases or additions to mortgage loans acquired or transferred in the current and prior periods. Mortgages acquired and disposed during the same year should be reported in both Part 2 and Part 3. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations (residential mortgage-backed securities) should be included in Schedule D.

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage loan number assigned by the reporting entity. For foreign denominated mortgages, indicate the principal indebtedness amount in its local currency.

Column 2 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 3 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter "E". If the loan was made directly to a subsidiary or affiliate, enter "S." Otherwise, leave the column blank.

Column 5 – Date Acquired

State date mortgage was acquired.

Column 6 – Rate of Interest

Report the effective annual interest rate of the mortgage.

Column 7 – Actual Cost at Time of Acquisition

Report the actual amount loaned for the mortgages at the time the asset was originally acquired. The cost of acquiring the assets includes any additional amounts that are to be capitalized. Accordingly, there may be a premium or discount on such loans resulting from a difference between the amount paid and the principal amount. Do not include additional expenditures after the time of initial acquisition. These amounts are reported in Column 8.

Column 8 – Additional Investment Made after Acquisition

Report additional amounts that increased the mortgage during the year subsequent to the time the asset was originally acquired, e.g., increases in the loan. Include additional loans on mortgages that were subsequently disposed during the year.

Column 9 – Value of Land and Buildings

Report the appraisal value of the property (for land and buildings). For loans subject to a participation agreement, include only the reporting entity's pro rata share of the appraised value as it relates to the reporting entity's interest in the mortgage loan.

**** Columns 10 through 13 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

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

Column 11 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 12 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

Column 13 – Maturity Date

State the date the mortgage loan matures.

## SCHEDULE B – PART 3

## MORTGAGE LOANS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

Report individually each mortgage that has had decreases in the balance as a result of being closed by repayment, partial repayment, disposed or transferred to another category (e.g., real estate, Schedule A). Do not report individual partial repayments but aggregate all partial repayments by mortgage loan.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

| | |
|---|---|
| Mortgages closed by repayment | 0199999 |
| Mortgages with partial repayments | 0299999 |
| Mortgages disposed | 0399999 |
| Mortgages transferred | 0499999 |
| Total | 0599999 |

A description of the information required by the columnar headings is as follows:

Column 1 – Loan Number

Report the mortgage number assigned by the reporting entity.

Column 2 – City

For mortgages in the U.S., list city. If the city is unknown, indicate the county. If the mortgage is outside the U.S., indicate the city or province.

Column 3 – State

For mortgages in U.S. states, territories and possessions, report the two-character U.S. postal abbreviation for U.S. states, territories and possessions. If the mortgage is located outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 4 – Loan Type

If the loan was made to an officer or director of the reporting entity/subsidiary/affiliate, enter "E." If the loan was made directly to a subsidiary or affiliate enter "S." Otherwise, leave the column blank.

Column 5 – Date Acquired

State date mortgage was acquired.

Column 6 – Disposal Date

For individual properties, state date mortgage was disposed using MM/DD/YYYY format. For mortgages transferred to another category and mortgages with partial payments, this column should not be completed.

Column 7 – Book Value/Recorded Investment Excluding Accrued Interest Prior Year

Report the statutory book value/recorded investment excluding accrued interest at December 31 of the prior year.

Deduct: The amount of any write-downs. Report as a realized loss.

Exclude: Valuation allowance.

Column 8 – Unrealized Valuation Increase (Decrease)

The difference between the Book Value/Recorded Investment at the previous year-end and the Book Value/Recorded Investment at the current year-end not related to the receipt of loan principal payments, other-than-temporary impairments and amortization.

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

Column 9 – Current Year's (Amortization)/Accretion

This amount should equal the net of the reporting year's amortization of premium or accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

If the mortgage loan has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 11 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with *SSAP No. 37—Mortgage Loans*.

Column 13 – Total Foreign Exchange Change in Book Value

Enter the unrealized foreign exchange gain or loss for the year, including reversal of foreign exchange gains or losses previously recorded.

Column 14 – Book Value/Recorded Investment Excluding Accrued Interest on Disposal

Report the statutory Book Value/Recorded Investment excluding accrued interest (including any capitalized amounts) at the time the loan was sold or transferred to another category, (e.g., real estate).

Deduct: The amount of any write-downs. Report as a realized loss.

Exclude: Valuation allowance.

Column 15 – Consideration

Report the amount received during the year on mortgages disposed, including partial pay-downs of mortgages, sale of the mortgage or through transfer to another category (e.g., Schedule A). For those mortgages transferred to another category, only report the amount received for the period up to the time the loan was transferred.

Column 16 – Foreign Exchange Gain (Loss) on Disposal

Enter the foreign currency exchange gain or loss.

Column 17 – Realized Gain (Loss) on Disposal

Report the amount of any market gain or loss realized from the transfer, sale or maturity.

Exclude: Foreign currency gain (loss) reported in Column 16.

Column 18 – Total Gain (Loss) on Disposal

Enter the sum of Column 16 foreign exchange gain or loss, and Column 17 realized gain or loss.

**** Columns 19 through 22 will be electronic only. ****

Column 19 – Legal Entity Identifier (LEI)

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

Column 20 – Postal Code

The postal code(s) reported in this column should reflect the location of the underlying property. For mortgages in U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. If the mortgage is located outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 21 – Property Type

For property type, use one of the following codes to indicate the primary use of the property:

OF Office

RT Retail

MU Apartment/Multifamily

IN Industrial

HC Medical/Health Care

MX Mixed Use

LO Lodging

OT Other

Column 22 – Maturity Date

State the date the mortgage loan matures.

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## SCHEDULE BA – PARTS 1, 2 AND 3

## OTHER LONG-TERM INVESTED ASSETS – GENERAL INSTRUCTIONS

Include only those classes of invested assets not clearly or normally includable in any other invested asset schedule. Such assets should include any assets previously written off for book purposes, but which still have a market or investment value. Give a detailed description of each investment and the underlying security. If an asset is to be recorded in Schedule BA that is normally reported in one of the other invested asset schedules, make full disclosure in the Name or Description column of the reason for recording such an asset in Schedule BA.

For accounting guidance related to foreign currency transactions and translations, refer to *SSAP No. 23—Foreign Currency Transactions and Translations*.

If a reporting entity has any detail lines 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:

| Group or Category | Line Number |
|---|---|
| Oil and Gas Production | |
| Unaffiliated | 0199999 |
| Affiliated | 0299999 |
| Transportation Equipment | |
| Unaffiliated | 0399999 |
| Affiliated | 0499999 |
| Mineral Rights | |
| Unaffiliated | 0599999 |
| Affiliated | 0699999 |
| Non-Registered Private Funds with Underlying Assets Having Characteristics of: | |
| Bonds | |
| NAIC Designation Assigned by the Securities Valuation Office (SVO) | |
| Unaffiliated | 0799999 |
| Affiliated | 0899999 |
| NAIC Designation Not Assigned by the Securities Valuation Office (SVO) | |
| Unaffiliated | 0999999 |
| Affiliated | 1099999 |
| Mortgage Loans | |
| Unaffiliated | 1199999 |
| Affiliated | 1299999 |
| Other Fixed Income Instruments | |
| Unaffiliated | 1399999 |
| Affiliated | 1499999 |

Joint Venture, Partnership or Limited Liability Company Interests for Which the Underlying Assets Have the Characteristics of:

Fixed Income Instruments

NAIC Designation Assigned by the Securities Valuation Office (SVO)

Unaffiliated ........ 1599999
Affiliated ........ 1699999

NAIC Designation Not Assigned by the Securities Valuation Office (SVO)

Unaffiliated ........ 1799999
Affiliated ........ 1899999

Common Stocks

Unaffiliated ........ 1999999
Affiliated ........ 2099999

Real Estate

Unaffiliated ........ 2199999
Affiliated ........ 2299999

Mortgage Loans

Unaffiliated ........ 2399999
Affiliated ........ 2499999

Other

Unaffiliated ........ 2599999
Affiliated ........ 2699999

Surplus Debentures, etc.

Unaffiliated ........ 2799999
Affiliated ........ 2899999

Collateral Loans

Unaffiliated ........ 2999999
Affiliated ........ 3099999

Non-collateral Loans

Unaffiliated ........ 3199999
Affiliated ........ 3299999

Capital Notes

Unaffiliated ........ 3399999
Affiliated ........ 3499999

Guaranteed Federal Low Income Housing Tax Credit

Unaffiliated ........ 3599999
Affiliated ........ 3699999

Non-Guaranteed Federal Low Income Housing Tax Credit

Unaffiliated ........ 3799999
Affiliated ........ 3899999

Guaranteed State Low Income Housing Tax Credit

Unaffiliated ........ 3999999
Affiliated ........ 4099999

Non-Guaranteed State Low Income Housing Tax Credit

Unaffiliated ........ 4199999
Affiliated ........ 4299999

All Other Low Income Housing Tax Credit

Unaffiliated.......... 4399999
Affiliated .......... 4499999

Working Capital Finance Investment

Unaffiliated.......... 4599999

Any Other Class of Assets

Unaffiliated.......... 4699999
Affiliated .......... 4799999

Subtotals

Unaffiliated.......... 4899999
Affiliated .......... 4999999

TOTALS .......... 5099999

The following listing is intended to give examples of investments to be included in each category; however the list should not be considered all inclusive, and it should not be implied that any invested asset currently being reported in Schedules A, B or D is to be reclassified to Schedule BA:

**Oil and Gas Production**

Include: Offshore oil and gas leases.

**Transportation Equipment**

Include: Aircraft owned under leveraged lease agreements.
Motor Vehicle Trust Certificates.

**Mineral Rights**

Include: Investments in extractive materials.

Timber Deeds.

**Non-Registered Private Funds with Underlying Assets Having Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument**

Include: Fixed income instruments that are not corporate or governmental unit obligations (Schedule D) or secured by real property (Schedule B).

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income instrument that has been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 0799999 and 0899999.

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income investment that has not been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 0999999, 1099999, 1199999, 1299999, 1399999 and 1499999.

**Joint Ventures, Partnership or Limited Liability Company Interests for Which the Underlying Assets Have the Characteristics:**

**Fixed Income Instruments**

Include: Leveraged Buy-out Fund.

A fund investing in the "Z" strip of Collateralized Mortgage Obligations.

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments that has been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 1599999 and 1699999.

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments that has not been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for this category. Report these investments on Lines 1799999 and 1899999.

**Common Stocks**

Include: Venture Capital Funds.

**Real Estate**

Include: Real estate development interest. Reporting should be consistent with the detailed property analysis appropriate for the corresponding risk-based capital factor for this investment category. If the requisite details are not available for reporting, report under "Other" subcategory.

**Mortgage Loans**

Include: Mortgage obligations. Reporting should be consistent with the detailed property analysis appropriate for the corresponding risk-based capital factor for this investment category. If the requisite details are not available for reporting, report under "Other" subcategory.

**Other**

Include: Limited partnership interests in oil and gas production.

Forest product partnerships.

Investments within the Joint Venture and Partnership Interests category that do not qualify for inclusion in the "Fixed Income Instruments," "Common Stocks," "Real Estate" or "Mortgage Loans" subcategories.

Reporting should be consistent with the corresponding risk-based capital factor for this investment category (i.e., Other Long-Term Assets).

**Surplus Debentures, etc.**

Include: That portion of any subordinated indebtedness, surplus debenture, surplus note, debenture note, premium income note, bond, or other contingent evidence of indebtedness that is reported in the surplus of the issuer.

**Collateral Loans**

Include: Refer to *SSAP No. 21R—Other Admitted Assets* for a definition of collateral loans. In the description column, the name of the actual borrower and state if the borrower is a parent, subsidiary, affiliate, officer or director. Also include the type of collateral held.

**Non-collateral Loans**

Include: For purposes of this section, non-collateral loans are considered the unpaid portion of loans previously made to another organization or individual in which the reporting entity has a right to receive money for the loan, but for which the reporting entity has not obtained collateral to secure the loan. Non-collateral loans shall not include those instruments that meet the definition of a bond, per *SSAP No. 26R—Bonds*, a mortgage loan per *SSAP No. 37—Mortgage Loans*, loan-backed or structured securities per *SSAP No. 43R—Loan-Backed and Structured Securities*, or a policy or contract loan per *SSAP No. 49—Policy Loans*.

In the description column, provide the name of the actual borrower. For affiliated entities, state if the borrower is a parent, subsidiary, affiliate, officer or director. Refer to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 25—Affiliates and Other Related Parties* for accounting guidance.

**Capital Notes**

Include: The portion of any capital note that is reported on the line for capital notes of the issuing insurance reporting entity.

**Low Income Housing Tax Credit**

Include: All Low Income Housing Tax Credit Investments (LIHTC or affordable housing) that are in the form of a Limited Partnership or a Limited Liability Company including those investments that have the following risk mitigation factors:

A. Guaranteed Low Income Housing Tax Credit Investments. There must be an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment.

B. Non-guaranteed Low Income Housing Tax Credit Investments.

   I. A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.

   II. There is a Tax Credit Guarantee Agreement from General Partner or managing member. This agreement requires the General Partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For a LIHTC Fund, a Tax Credit Guarantee is required from the developers of the lower tier LIHTC properties to the upper tier partnership and all other LIHTC investments.

   III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable foreclosure risk at the time of the investment.

Non-qualifying LIHTCs should be reported in the “All Other” category

**Working Capital Finance Investment**

Include: Investments in an interest in a Confirmed Supplier Receivables (CSR) under a Working Capital Finance Program (WCFP) that is designated by the SVO as meeting the criteria specified in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for an NAIC "1" or "2."

**Working Capital Finance Program (WCFP)**

Open account program under which an Investor may purchase interests, or evidence thereof, in commercial non-insurance receivables. A WFCP is created for the benefit of a commercial investment grade obligor and its suppliers of goods or services and facilitated by a financial intermediary.

**Confirmed Supplier Receivables (CSR)**

A first priority perfected security interest claim or right to payment of a monetary obligation from the Obligor arising from the sale of goods or services from the Supplier to the Obligor the payment of which the Obligor has confirmed by representing and warranting that it will not protest, delay, or deny, nor offer nor assert any defenses against, payment to the supplier or any party taking claim or right to payment from the supplier.

See *SSAP No. 105—Working Capital Finance Investments* for accounting guidance.

**Any Other Class of Assets**

Include: Investments that do not fit into one of the other categories. An example of items that may be included are reverse mortgages.

All structured settlement income streams acquired as investments where the reporting entity acquires the legal right to receive payments. (Valuation and admittance provisions are detailed in *SSAP No. 21R—Other Admitted Assets*.)

## SCHEDULE BA – PART 1

## OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.

Column 1 – CUSIP Identification

This column must be completed for those investments included on Lines 0799999 and 1599999.

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

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

If no CUSIP number exists, the CUSIP field should be zero-filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If long-term invested assets are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – City

For real estate partnerships or joint ventures located in the United States, list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 5 – State

If the investment is inside U.S. states, territories and possessions report the two-character U.S. postal abbreviation for the U.S. states, territories and possessions. If the investment is outside the U.S. states, territories and possessions, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 6 – Name of Vendor or General Partner

Provide the name of the entity from which the property was acquired, or the name of the General Partner of the fund. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 7 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

This column must be completed for those investments included on Lines 0799999, 0899999, 1599999 and 1699999.

For Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument, insert the appropriate combination of the NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol. The list of valid SVO Administrative Symbols is shown below.

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

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

- NAIC Designation Column 7A
- NAIC Designation Modifier Column 7B
- SVO Administrative Symbol Column 7C

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

NAIC Designation Modifier:

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

- Underlying Characteristics of Bonds Lines 0799999 through 0899999
- Underlying Characteristics of Preferred Stocks Lines 1599999 through 1699999

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

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

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds and preferred stock. Refer to the P&P Manual for the application of these symbols.

| | | |
|---|---|---|
| S | Additional or other non-payment risk | |
| SYE | Additional or other non-payment risk - Year-end carry over | |
| YE | Year-end carry over | |
| FE | Filing Exempt | (Limited use on this schedule. See P&P Manual for details) |
| RT | Regulatory Transaction | |
| RTS | Regulatory Transaction - SVO Reviewed | |
| RTIF | Regulatory Transaction - Initial Filing Submitted to SVO | |
| RTSYE | Regulatory Transaction - SVO Reviewed - Year-end carry over | |
| F | Sub-paragraph D Company – insurer self-designated | |
| Z* | Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF. | |
| ND* | Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy. | |

The NAIC designation NAIC Designation Modifier and SVO Administrative Symbol field should be left blank for those Schedule BA investments that have not been assigned an NAIC designation by the Securities Valuation Office (SVO) pursuant to the policies in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

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

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

Column 8 – Date Originally Acquired

State the date the investment was originally acquired.

Column 9 – Type and Strategy

Enter the number which best describes the investment (applies to investments such as limited partnerships and hedge funds. If none applies, leave blank):

1. Private equity: Venture capital
2. Private equity: Mezzanine financing
3. Private equity: LBOs
4. Hedge fund: Global macro
5. Hedge fund: Long/short equity
6. Hedge fund: Merger arbitrage
7. Hedge fund: Fixed income arbitrage
8. Hedge fund: Convertible arbitrage
9. Hedge fund: Futures/Options/foreign exchange arbitrage
10. Hedge fund: Sector investing
11. Hedge fund: Distressed securities
12. Hedge fund: Emerging markets
13. Hedge fund: Multi-strategy

Column 10 – Actual Cost

Include: The cost of acquiring the asset, including broker's commission and incidental expense of effecting delivery. Include all changes to cost subsequent to acquisition, such as additions to or reductions in investments.

Exclude: Amount of encumbrances.

Column 11 – Fair Value

Fair Value shall be determined in accordance with *SSAP No. 100R—Fair Value*.

Column 12 – Book/Adjusted Carrying Value Less Encumbrances

Report the balance at December 31, of the current year. It should contain the amounts included in Column 10 after any encumbrances have been subtracted. Include all changes in value during the year.

For surplus (and capital) notes, consider where appropriate the statement factor provided by the Securities Valuation Office and published on the Schedule BA Surplus Note List on the Securities Valuation Office website. (See accounting requirements for surplus notes held in the *Accounting Practices and Procedures Manual.*)

Deduct: Any write-downs for a decline in the fair value of a long-term invested asset that is other-than-temporary.

Exclude: Valuation allowance.

Column 13 – Unrealized Valuation Increase (Decrease)

The total unrealized valuation increase (decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. See *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies* for accounting guidance.

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

Include: The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column. Calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year Depreciation or Amortization/Accretion**.

Column 14 – Current Year's (Depreciation) or (Amortization)/Accretion

This amount represents depreciation expense for the period (where appropriate), amortization of premium and the accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. See Column 13 for discussion of an unrealized valuation increase (decrease) where the real estate is carried at fair value and (depreciation) and/or (amortization)/accretion has been recorded.

Column 15 – Current Year's Other-Than-Temporary Impairment Recognized

If the asset has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 16 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with the applicable SSAP.

Column 17 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Include: Enter the unrealized foreign exchange gain or loss for the current year.

Column 18 – Investment Income

Include: The proportionate share of interest, dividend, and other investment income received during the year on the investments reported in this schedule.

Exclude: Distributions excess of unrealized appreciation (return of capital).

Column 19 – Commitment for Additional Investment

Include: Total amount of additional investment commitment, not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership.

Column 20 – Percentage of Ownership

Include: The share that the company's current investment represents of the total outstanding amount of this investment. Applies only to such investments as hedge funds and limited partnerships.

Exclude: Commitment for additional investment.

**** Columns 21 through 26 will be electronic only. ****

Column 21 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued. (Reporting entities shall utilize source "c" to capture any other method used by the reporting entity to obtain observable inputs resulting in a hierarchy Level 1 or Level 2. Documentation of this source shall then be included in Column 22.)

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

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

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

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

Column 22 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

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

Column 23 – Legal Entity Identifier (LEI)

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

Column 24 – Postal Code

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated....................................................................................................... 1199999

Affiliated........................................................................................................... 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated....................................................................................................... 2199999

Affiliated........................................................................................................... 2299999

Mortgage Loans

Unaffiliated....................................................................................................... 2399999

Affiliated........................................................................................................... 2499999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 25 – Property Type

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................ 1199999

Affiliated ........................................ 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated ........................................ 2199999

Affiliated ........................................ 2299999

Mortgage Loans

Unaffiliated ........................................ 2399999

Affiliated ........................................ 2499999

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

Column 26 – Maturity Date

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................ 1199999

Affiliated ........................................ 1299999

State the date the mortgage loan matures.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount in reported in Column 12.

## SCHEDULE BA – PART 2

## OTHER LONG-TERM INVESTED ASSETS ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those newly acquired long-term invested assets, but also any increases or additions to long-term invested assets acquired in the current and prior periods, including, for example, capital calls from existing limited partnerships.

Column 1 – CUSIP Identification

This column must be completed for those investments included on Lines 0799999 and 1599999.

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

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

If no CUSIP number exists, the CUSIP field should be zero-filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – City

For real estate partnerships or joint ventures located in the United States, list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 4 – State

Report the two-character U.S. postal abbreviation for state for U.S. states, territories and possessions. For foreign countries, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Name of Vendor or General Partner

Provide the name of the entity from which the property was acquired, or the name of the General Partner of the fund. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 6 – Date Originally Acquired

State the date the investment was originally acquired.

Column 7 – Type and Strategy

Enter the number that best describes the investment (applied to investments such as limited partnerships and hedge funds. If none applies, leave blank):

1. Private equity: Venture capital
2. Private equity: Mezzanine financing
3. Private equity: LBOs
4. Hedge fund: Global macro
5. Hedge fund: Long/short equity
6. Hedge fund: Merger arbitrage
7. Hedge fund: Fixed income arbitrage
8. Hedge fund: Convertible arbitrage
9. Hedge fund: Futures/Options/foreign exchange arbitrage
10. Hedge fund: Sector investing
11. Hedge fund: Distressed securities
12. Hedge fund: Emerging markets
13. Hedge fund: Multi-strategy

Column 8 – Actual Cost at Time of Acquisition

Include: The actual cost at the time the asset was originally acquired.

The cost of acquiring the assets, including broker's commission and incidental expenses of effecting delivery.

Exclude: Additional expenditures after the time of the initial acquisition or encumbrances or impairments.

Column 9 – Additional Investment Made After Acquisition

Include: The actual cost (including broker's commissions and incidental expenses of effecting delivery) to increase investments in the original assets.

Improvements to the assets subsequent to acquisition.

Activity on investments disposed during the year.

Column 10 – Amount of Encumbrances

Include: The reporting entity's contractual share of all encumbrances on underlying real estate held in a partnership or venture reported in this schedule. All encumbrances incurred by the partnership or venture should be included.

Column 11 – Percentage of Ownership

Include: The share that the company's current investment represents of the total outstanding amount of this investment at the date of purchase. Applies only to such investments as hedge funds and limited partnerships.

Exclude: Commitment for additional investment.

****  Columns 12 through 15 will be electronic only.  ****

Column 12 – Legal Entity Identifier (LEI)

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

Column 13 – Postal Code

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated........................................................................................................ 1199999

Affiliated............................................................................................................ 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated........................................................................................................ 2199999

Affiliated............................................................................................................ 2299999

Mortgage Loans

Unaffiliated........................................................................................................ 2399999

Affiliated............................................................................................................ 2499999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 14 – Property Type

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................................................................................ 1199999

Affiliated.............................................................................................................. 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated ........................................................................................................ 2199999

Affiliated.............................................................................................................. 2299999

Mortgage Loans

Unaffiliated ........................................................................................................ 2399999

Affiliated.............................................................................................................. 2499999

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

Column 15 – Maturity Date

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................................................................................ 1199999

Affiliated.............................................................................................................. 1299999

State the date the mortgage loan matures.

## SCHEDULE BA – PART 3

## OTHER LONG-TERM INVESTED ASSETS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

This schedule should reflect not only disposals of an entire "other invested asset" but should also include partial disposals and amounts received during the year on investments still held, including, for example, return of capital distributions from limited partnerships.

Column 1 – CUSIP Identification

This column must be completed for those investments included on Lines 0799999 and 1599999.

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

For those investments not included on Lines 0799999 and 1599999, a CUSIP should be provided if one has been assigned.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – City

For real estate partnerships or joint ventures located in the U.S., list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 4 – State

Report the two-character U.S. postal abbreviation for state for U.S. states, territories and possessions. For foreign countries, report the three-character (ISO Alpha 3) country abbreviations available in the listing in the appendix of these instructions.

Column 5 – Name of Purchaser or Nature of Disposal

Provide the name of the entity or vendor to whom the investment was sold or describe how the investment was otherwise disposed of.

Column 6 – Date Originally Acquired

State the date the asset was originally acquired.

Column 7 – Disposal Date

State the date the investment was sold or otherwise transferred or repaid. Reporting entities may total on one line if the investment is repaid on more than one date and should utilize the date of last repayment in those cases.

Column 8 – Book/Adjusted Carrying Value Less Encumbrances, Prior Year

Report the balance at December 31 of the prior year.

Deduct: Any write-downs for a decline in the fair value of a long-term invested asset that is other-than-temporary.

Exclude: Valuation allowance.

Column 9 – Unrealized Valuation Increase (decrease)

The total unrealized valuation increase (decrease) for a specific investment security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. This includes a reversal of the full unrealized amount at the date of disposal. See *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies* for accounting guidance.

These amounts are to be reported as unrealized capital gains (losses) in the Exhibit of Capital Gains (Losses) and in the Capital and Surplus Account (Page 4 – Life, Property, Fraternal & Title and Page 5 – Health).

Include: The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column. Calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** (**Depreciation) or (Amortization)/Accretion**.

Column 10 – Current Year's (Depreciation) or (Amortization)/Accretion

This amount represents depreciation expense for the period (where appropriate), amortization of premium and the accrual of discount. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. See column 9 for discussion of an unrealized valuation increase (decrease) where the real estate is carried at fair value and (depreciation) and/or (amortization)/accretion has been recorded.

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

If the asset has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains (Losses) and in the calculation of Net Income.

Column 12 – Capitalized Deferred Interest and Other

Include interest and other items that can be capitalized in accordance with the applicable SSAP.

Column 14 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

Enter the unrealized foreign exchange gain or loss during the year including the reversal of unrealized foreign exchange gains or losses previously recorded.

Column 15 – Book /Adjusted Carrying Value Less Encumbrances on Disposal

Include: Amount reported in Column 8 and all year-to-date changes in value to the time of disposal.

Exclude: Valuation allowance.

Column 16 – Consideration

Include: Amounts received on disposal of investment.

Column 17 – Foreign Exchange Gain (Loss) on Disposal

Enter the foreign currency exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

Report the amount of any market gain (loss) realized from the disposal of the investment.

Exclude: Foreign currency gain (loss) reported in Column 17.

Column 19 – Total Gain (Loss) on Disposal

Enter the sum of Column 17, foreign exchange gain (loss) on disposal and Column 18, realized gain (loss) on disposal.

Column 20 – Investment Income

Include: The proportionate share of interest, dividends and other investment income received during year on the investments reported in this schedule.

Exclude: Distributions in excess of unrealized appreciation (return of capital).

**** Columns 21 through 24 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

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

Column 22 – Postal Code

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated....................................................................................................... 1199999

Affiliated........................................................................................................... 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated....................................................................................................... 2199999

Affiliated........................................................................................................... 2299999

Mortgage Loans

Unaffiliated....................................................................................................... 2399999

Affiliated........................................................................................................... 2499999

The postal code(s) reported in this column should reflect the location of the underlying property. For U.S. states, territories and possessions, use the five-digit ZIP code and not the ZIP+4 code. Outside the U.S. states, territories and possessions, use that country's equivalent to the ZIP code. Multiple postal codes should be entered if the underlying properties are located in more than one postal code and listed from highest to lowest value associated with the underlying properties separated by commas.

Example of two U.S. postal codes and one United Kingdom postal code (51501,68104,E4 7SD).

Column 23 – Property Type

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................................................................................ 1199999

Affiliated ............................................................................................................ 1299999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated ........................................................................................................ 2199999

Affiliated ............................................................................................................ 2299999

Mortgage Loans

Unaffiliated ........................................................................................................ 2399999

Affiliated ............................................................................................................ 2499999

For property type, use one of the following codes to indicate the primary use of the property:

| | |
|---|---|
| OF | Office |
| RT | Retail |
| MU | Apartment/Multifamily |
| IN | Industrial |
| HC | Medical/Health Care |
| MX | Mixed Use |
| LO | Lodging |
| OT | Other |

Column 24 – Maturity Date

Use only for securities included in the following subtotal lines.

Non-Registered Private Funds with Underlying Assets Having Characteristics of:

Mortgage Loans

Unaffiliated ........................................................................................................ 1199999

Affiliated ............................................................................................................ 1299999

State the date the mortgage loan matures.

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## SCHEDULE D – PART 1

## LONG-TERM BONDS OWNED DECEMBER 31 OF CURRENT YEAR

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

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

Short Sales:

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

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

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

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



| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | |
| Issuer Obligations | 0199999 |
| Residential Mortgage-Backed Securities | 0299999 |
| Commercial Mortgage-Backed Securities | 0399999 |
| Other Loan-Backed and Structured Securities | 0499999 |
| Subtotals – U.S. Governments | 0599999 |
| All Other Governments | |
| Issuer Obligations | 0699999 |
| Residential Mortgage-Backed Securities | 0799999 |
| Commercial Mortgage-Backed Securities | 0899999 |
| Other Loan-Backed and Structured Securities | 0999999 |
| Subtotals – All Other Governments | 1099999 |

U.S. States, Territories and Possessions (Direct and Guaranteed)

| | |
|---|---|
| Issuer Obligations | 1199999 |
| Residential Mortgage-Backed Securities | 1299999 |
| Commercial Mortgage-Backed Securities | 1399999 |
| Other Loan-Backed and Structured Securities | 1499999 |
| Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

| | |
|---|---|
| Issuer Obligations | 1899999 |
| Residential Mortgage-Backed Securities | 1999999 |
| Commercial Mortgage-Backed Securities | 2099999 |
| Other Loan-Backed and Structured Securities | 2199999 |
| Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

| | |
|---|---|
| Issuer Obligations | 2599999 |
| Residential Mortgage-Backed Securities | 2699999 |
| Commercial Mortgage-Backed Securities | 2799999 |
| Other Loan-Backed and Structured Securities | 2899999 |
| Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |

Industrial and Miscellaneous (Unaffiliated)

| | |
|---|---|
| Issuer Obligations | 3299999 |
| Residential Mortgage-Backed Securities | 3399999 |
| Commercial Mortgage-Backed Securities | 3499999 |
| Other Loan-Backed and Structured Securities | 3599999 |
| Subtotals – Industrial and Miscellaneous (Unaffiliated) | 3899999 |

Hybrid Securities

| | |
|---|---|
| Issuer Obligations | 4299999 |
| Residential Mortgage-Backed Securities | 4399999 |
| Commercial Mortgage-Backed Securities | 4499999 |
| Other Loan-Backed and Structured Securities | 4599999 |
| Subtotals – Hybrid Securities | 4899999 |

Parent, Subsidiaries and Affiliates

| | |
|---|---|
| Issuer Obligations | 4999999 |
| Residential Mortgage-Backed Securities | 5099999 |
| Commercial Mortgage-Backed Securities | 5199999 |
| Other Loan-Backed and Structured Securities | 5299999 |
| Affiliated Bank Loans – Issued | 5399999 |
| Affiliated Bank Loans – Acquired | 5499999 |
| Subtotals – Parent, Subsidiaries and Affiliates | 5599999 |

SVO Identified Funds

| | |
|---|---|
| Exchange Traded Funds – as Identified by the SVO | 5899999 |
| Bond Mutual Funds – as Identified by the SVO | 5999999 |
| Subtotals – SVO Identified Funds | 6099999 |

Unaffiliated Bank Loans

| | |
|---|---|
| Unaffiliated Bank Loans – Issued | 6399999 |
| Unaffiliated Bank Loans – Acquired | 6499999 |
| Subtotals – Unaffiliated Bank Loans | 6599999 |

Total Bonds

Subtotals – Issuer Obligations .......... 7699999
Subtotals – Residential Mortgage-Backed Securities .......... 7799999
Subtotals – Commercial Mortgage-Backed Securities .......... 7899999
Subtotals – Other Loan-Backed and Structured Securities .......... 7999999
Subtotals – SVO Identified Funds .......... 8099999
Subtotals – Affiliated Bank Loans .......... 8199999
Subtotals – Unaffiliated Bank Loans .......... 8299999
Subtotals – Total Bonds .......... 8399999

List all bonds and certificates of deposit owned December 31, of current year, except bonds and certificates of deposit in banks or other similar financial institutions with maturity dates or repurchase dates under repurchase agreements of one year or less from the acquisition date. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

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

Column 1 – CUSIP Identification

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

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

Column 2 – Description

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

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter the complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported.

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

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

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, Certificates of Deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the"*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

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

Column 5 – Bond Characteristics

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

1. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par, based on a specified formula for the payoff amount (generally discounting future cash flows at then current interest rates which is generally referred to as a "make whole call provision").
2. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par with a specified payoff amount based on a fixed schedule.
3. Bonds that are callable at the discretion of the issuer at a price that can be less than par.
4. Terms in which the timing of payments of principal, as well as the amounts and timing of payments of interest, can vary based on a pool of underlying assets or an index. This characteristic code is restricted to items captured in scope of *SSAP No. 43R—Loan-Backed and Structured Securities* and should include agency and non-agency residential mortgage-backed securities (RMBS), some commercial mortgage-backed securities (CMBS), and similar loan-backed or structured securities. This excludes those flagged with #1, #2 or #3.
5. Variable coupon bonds where the interest payments vary during the life of the transaction, but NOT as is typical based on a fixed spread over a well-established interest rate index (such as LIBOR, prime rate or a government bond yield). (This includes coupons that vary based on the performance of indices that are not interest rate related, such as equity indices, commodity prices or foreign exchange rates. This also includes coupons where the spread to the index is not fixed for the entire life of the transaction. This excludes basic floating rate and adjustable rate notes with fixed spread over an interest rate index. This characteristic code is strictly limited to variable interest payments.)

6. Terms that may result in principal (or initial investment) not being repaid in full for reasons other than a payment default by the issuer or defaults within a pool of assets underlying a loan-backed or structured security. (This intends to capture to Mortgage Reference Securities reported in scope of SSAP No. 43R. Other structured notes (securities structured as debt instruments when the contractual amount of the instrument to be paid at maturity is at risk for other than the failure of the borrower to pay the contractual amount due) and whether derivatives shall not be reported on Schedule D, Part 1. These structures are captured in scope of *SSAP No. 86—Derivatives* and shall be reported on Schedule DB.)

7. Bonds where the issuer's obligation to make payments is determined by the performance of a different credit other than that of the issuer, which could be either affiliated or unaffiliated. (These securities are often referred to as credit-linked notes. This does not include loan-backed or structured securities.)

8. Mandatory convertible bonds. Bonds that are mandatorily convertible into equity, or, at the option of issuer, convertible into equity, or whose terms provide for payment in the form of equity instead of cash.

9. Other types of options solely at the discretion of the issuer that could affect the timing or amount of payments of principal or interest, not otherwise reported in 1-8.

Column 6 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

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

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

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

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

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

NAIC Designation Modifier:

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

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

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

SVO Administrative Symbol:

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

| | |
|---|---|
| S | Additional or other non-payment risk |
| SYE | Additional or other non-payment risk - Year-end carry over |
| FE | Filing Exempt |
| FM | Financially Modeled RMBS/CMBS subject to SSAP 43R |
| YE | Year-end carry over |
| IF | Initial filing |
| PL | Private Letter Rating |
| PLGI | Private Letter Rating – reported on General Interrogatory |
| RT | Regulatory Transaction |
| RTS | Regulatory Transaction - SVO Reviewed |
| RTIF | Regulatory Transaction - Initial Filing Submitted to SVO |
| RTSYE | Regulatory Transaction - SVO Reviewed - Year-end carry over |
| GI | General Interrogatory |
| F | Sub-paragraph D Company – insurer self-designated |
| Z | Insurer self-designated |
| * | Limited to NAIC Designation 6 |
| Z* | Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF. |
| ND* | Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy. |

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

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

Column 7 – Actual Cost

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

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

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

Exclude: Accrued interest.

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

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

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

Column 8 – Rate Used to Obtain Fair Value

Report rate used for determining fair value.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the per share fair value or net asset value as of the reporting date.

For U.S. Treasury Inflation-Indexed Securities enter the VOS rate (provided in the *Valuation of Securities*) multiplied by the inflation ratio.

Column 9 – Fair Value

The fair value should be the price which, when multiplied by the notional amount (Column 10, Par Value) results in the dollar amount that would be received (excluding accrued interest) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

For loan-backed securities, the prospective or retrospective methods are used in determining amortized value.

Exclude: Accrued interest.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the amount representing the number of shares owned at year-end times the rate specified in Column 8.

For U.S. Treasury Inflation-Indexed Securities, Fair Value should utilize the VOS rate multiplied by the inflation ratio.

Column 10 – Par Value

Enter the par value of the bonds owned adjusted for repayment of principal. For mortgage-backed/loan-backed and structured securities, enter the par amount of principal to which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

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

Column 11 – Book/Adjusted Carrying Value

Securities excluding SVO Identified fund and mandatory convertible bonds:

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

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

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

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

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

Accrued interest.

Refer to *SSAP No. 26R—Bonds*.

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5* Enter amortized cost
NAIC Designation 6 Enter the lower of fair value or amortized cost

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2* Enter amortized cost
NAIC Designations 3 – 6 Enter the lower of fair value or amortized cost

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

Mandatory Convertible Bonds:

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

SVO Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable.

**NOTE:** **Use of systematic value is effective Dec. 31, 2017.** This effective date requires entities to either report SVO-Identified investments at fair value on the effective date, or to identify the SVO-Identified investments with a code to identify use of systematic value. If the investment is coded for systematic value, the investment will be reported in the 2017 annual financial statements using the measurement method utilized throughout 2017. For these investments, beginning Jan. 1, 2018, the reporting entity shall report the investment using the calculated systematic value method detailed in *SSAP No. 26R—Bonds*.

Refer to *SSAP No. 26R—Bonds*.

For reporting entities maintaining an AVR:

| | |
|---|---|
| NAIC Designation 1 – 5 | Enter fair value or systematic value |
| NAIC Designation 6 | Enter fair value |

For reporting entities not maintaining an AVR:

| | |
|---|---|
| NAIC Designations 1 – 2 | Enter fair value or systematic value |
| NAIC Designations 3 – 6 | Enter fair value |

The amount reported in this column should equal:

| | |
|---|---|
| | Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities) |
| plus | "Unrealized Valuation Increase/(Decrease)Total in Book/Adjusted Carrying Value" |
| plus | "Current Year's (Amortization)/Accretion" |
| minus | "Current Year's Other-Than-Temporary Impairment Recognized" |
| plus | "Total Foreign Exchange Change in Book/Adjusted Carrying Value" |
| plus | Changes due to amounts reported in Schedule D, Parts 3, 4 and 5 |

Column 12 – Unrealized Valuation Increase/(Decrease)

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

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

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

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

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

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

Column 13 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

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

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

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

Column 16 – Interest Rate

Show rate of interest as stated on the face of the bond. Where the original stated rate has been renegotiated, show the latest modified rate. For long-term bonds with a variable rate of interest, use the last rate of interest. For short-term bonds with various issues of the same issuer, use the last rate of interest. All information reported in this field must be a numeric value.

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

Column 17 – Effective Rate of Interest

For issuer obligations, include the effective rate at which the purchase was made. For mortgage-backed/loan-backed and structured securities, report the effective yield used to value the security at the reporting date. The Effective Yield calculation should be modified for other-than-temporary impairments recognized.

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

Column 18 – Interest – When Paid

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

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

Column 19 – Admitted Interest Due and Accrued

This should equal the admitted amount of due and accrued interest for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 20 – Amount Received During Year

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

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

Report amounts net of foreign withholding tax.

Column 21 – Acquired Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 22 – Stated Contractual Maturity Date

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

For mandatory convertible bonds use the conversion date.

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

Column 23 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include the appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Possessions

Include the appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include the appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.

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

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

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

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

Column 25 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

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

Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

Industrial and Miscellaneous (Unaffiliated)

| | |
|---|---|
| Residential Mortgage-Backed/ Securities | 3399999 |
| Commercial Mortgage-Backed Securities | 3499999 |
| Other Loan-Backed and Structured Securities | 3599999 |

Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security.

Note: Various investments below require SVO review and approval, please refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) for further description.

1 Residential Mortgage Loans/RMBS

Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime, Alt-A).

2 Commercial Mortgage Loans/CMBS

Include all types of commercial mortgage loans as collateral (e.g., conduits, single name, etc.).

3 Home Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.

4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles

Include bonds collateralized by individual obligations. Do not include individual obligations that have a real-estate aspect.

5 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper

Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).

6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates

Include bonds collateralized by leases. Equipment leases are loans on heavy equipment. Equipment trust certificates are certificates that entitle the holder to the lease payments on the underlying assets.

7 CLO/CBO/CDO

Include bank loans, which securitize CLOs; investment grade and high-yield corporate bonds, which securitize CBOs; and corporate bonds and structured securities, which securitize CDOs.

8 Manufactured Housing and Mobile Home Loans

Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds, they are considered ABS.

9 Credit Tenant Loans

Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral also referred to as credit tenant lease, sale-leaseback or CTL.

10 Ground Lease Financing

Real estate loans secured by the obligation to pay debt service by means of rental payments of subleased property; where a long-term ground lease was issued in which the lessee intends significant land development and the subleasing of such property to other long-term tenants.

11 Other

Include other collateral types that do not fit into categories 1 through 9.

**For Columns 27 through 29, make whole call information is not required.**

Column 27 – Call Date

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

Column 28 – Call Price

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

Column 29 – Effective Date of Maturity

On bonds purchased at a premium, the maturity date producing the lowest amortized value should be used. See *SSAP No. 26R—Bonds*. For loaned-backed and structured securities, include the effective date of maturity that results from the estimated cash flows, incorporating appropriate prepayment assumptions. If call data does not affect the Effective Date of Maturity field, leave blank.

Column 30 – Legal Entity Identifier (LEI)

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

Column 31 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 32 – Issue

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

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

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

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

Column 33 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

Column 34 – Capital Structure Code

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

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

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

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

1. Senior Secured Debt

   Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

   Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

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

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

4. Not Applicable

   Securities where the capital structure 1 through 3 above do not apply (e.g., Line 5899999 Exchange Traded Funds – as Identified by the SVO and Line 5999999 Bond Mutual Funds – as Identified by the SVO).

NAIC Designation Category Footnote:

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

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

## SCHEDULE D – PART 2 – SECTION 1

## PREFERRED STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Short Sales:

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

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

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

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

| Category | Line Number |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred | 8499999 |
| Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred | 8599999 |
| Parent, Subsidiaries and Affiliates Perpetual Preferred | 8699999 |
| Parent, Subsidiaries and Affiliates Redeemable Preferred | 8799999 |
| Total Preferred Stocks | 8999999 |

Only transferable shares (i.e., can be bought and sold) of savings and loan or building and loan associations are to be reported in this schedule.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 27.

Column 2 – Description

Give a description of all preferred stocks owned, including redeemable options, if any, and location of all banks, trust and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 25, Issuer and Column 26, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For Exchange Traded Funds, enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 25, Issuer.

Column 3 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

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

Column 7 – Rate Per Share

Insert the market rate for preferred stocks not in good standing.

Column 8 – Book/Adjusted Carrying Value

The chart below details the appropriate valuation method for this column. The *Purposes & Procedures Manual of the NAIC Investment Analysis Office* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* may allow other valuation methods for preferred stock investments in Subsidiary, Controlled or Affiliated (SCA) companies.

Deduct: Cash dividends paid on Payment In Kind stock during the stock dividend period.

A direct write-down for a decline in the fair value of a stock that is other-than-temporary.

For reporting entities maintaining an AVR:

Redeemable Preferred

| | |
|---|---|
| NAIC Designation 1 – 3 | Enter book value. |
| NAIC Designation 4 – 6 | Enter the lower of book value or fair value. |

Perpetual Preferred

| | |
|---|---|
| NAIC Designation 1 – 3 | Enter book value. |
| NAIC Designation 4 – 6 | Enter the lower of book value or fair value. |

For reporting entities not maintaining an AVR:

Redeemable Preferred

| | |
|---|---|
| NAIC Designation 1 – 2 | Enter book value. |
| NAIC Designation 3 – 6 | Enter the lower of book value or fair value. |

Perpetual Preferred

| | |
|---|---|
| NAIC Designations 1 – 2 | Enter fair value. |
| NAIC Designations 3 – 6 | Enter the lower of book value or fair value. |

The amount reported in this column should equal:

| | |
|---|---|
| | Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities) |
| plus | "Total Change in Book/Adjusted Carrying Value" |
| plus | "Total Foreign Exchange Change in Book/Adjusted Carrying Value" |
| plus | Changes due to amounts reported in Schedule D, Parts 3, 4 and 5 |

Column 9 – Rate Per Share Used to Obtain Fair Value

Report rate used for determining fair value.

Column 10 – Fair Value

The fair value should be the price which, when multiplied by the notional amount (Column 6, Par Value), or times the number of securities held if Column 6 contains no Par Value, results in the dollar amount that would be received (excluding accrued dividends) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

Column 11 – Actual Cost

This amount should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: partial sales of unaffiliated preferred stock and any return of capital for preferred stock in SCA companies (both reported in Schedule D, Part 4); and subsequent acquisitions of the same unaffiliated preferred stock and additional investments in the preferred stock in SCA companies (both reported in Schedule D, Part 3). The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairments.

Include: Cost of acquiring the preferred stock, including broker's commission and incidental expenses of effecting delivery, but not including any accrued dividends paid thereon. Cost should be reduced by payments attributed to the recovery of cost.

Column 13 – Dividends – Amount Received During Year

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

Report amounts net of foreign withholding tax.

Column 14 – Dividends - Nonadmitted Declared but Unpaid

This should equal the nonadmitted amount of dividends declared but unpaid for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 15 – Unrealized Valuation Increase/(Decrease)

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

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

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

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

The increase/(decrease) for a specific investment in a Subsidiary, Controlled or Affiliated (SCA) company that results from the reporting entity's share of undistributed earnings and losses.

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

Column 16 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 17 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 18 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of: Unrealized Valuation Increase/(Decrease) plus
Current Year's (Amortization)/Accretion minus
Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value and the prior year's Book/Adjusted Carrying Value (excluding changes due to amounts reported in Schedule D, Parts 3, 4 and 5).

Column 19 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

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

Column 20 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

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

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

Exchange Traded Funds should be reported as perpetual securities.

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

- NAIC Designation — Column 20A
- NAIC Designation Modifier — Column 20B
- SVO Administrative Symbol — Column 20C

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

Designation Modifier:

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

- Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred — Line 8499999
- Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred — Line 8599999

The NAIC Designation Modifier should be left blank for securities reported on lines below.

- Parent, Subsidiaries and Affiliates — Line 8699999
- Parent, Subsidiaries and Affiliates — Line 8799999

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

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

Following are valid administrative symbols for preferred stock. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

| | |
|---|---|
| S | Additional or other non-payment risk assigned by the SVO or SSG |
| SYE | Additional or other non-payment risk - Year-end carry over |
| FE | Filing Exempt assigned by the SVO |
| YE | Year-end carry over assigned by the SVO |
| IF | Initial filing - insurer reported designation with Admin Symbol assigned by the SVO |
| PL | Private Letter Rating assigned by the SVO |
| PLGI | Private Letter Rating – insurer assigned and reported on General Interrogatory |
| RT | Regulatory Transaction |
| RTS | Regulatory Transaction - SVO Reviewed |
| RTIF | Regulatory Transaction - Initial Filing Submitted to SVO |
| RTSYE | Regulatory Transaction - SVO Reviewed - Year-end carry over |
| GI | Insurer assigned and reported on General Interrogatory |
| F | Sub-paragraph D Company – insurer self-designated |
| Z | Insurer assigned and reported subject to limitation |
| * | Limited to NAIC Designation 6 – insurer assigned |
| Z* | Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF. |
| ND* | Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy. |

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

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

Column 21 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For Exchange Traded Funds, enter date of last purchase.

**** Columns 22 through 27 will be electronic only. ****

Column 22 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

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

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

Column 23 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

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

Column 24 – Legal Entity Identifier (LEI)

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

Column 25 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 26 – Issue

Issue information provides detailed data as to the type of security being reported.

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 27 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 8.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal the sum of Lines 8499999 and 8599999.

## SCHEDULE D – PART 2 – SECTION 2

## COMMON STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Short Sales:

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

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

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

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

| Category | Line Number |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Publicly Traded | 9099999 |
| Industrial and Miscellaneous (Unaffiliated) Other | 9199999 |
| Parent, Subsidiaries and Affiliates Publicly Traded | 9299999 |
| Parent, Subsidiaries and Affiliates Other | 9399999 |
| Mutual Funds | 9499999 |
| Unit Investment Trusts | 9599999 |
| Closed-End Funds | 9699999 |
| Total Common Stocks | 9799999 |
| Total Preferred and Common Stocks | 9899999 |

Shares of all mutual funds, regardless of the underlying security, whether specialized or a mixture of bonds, stock, money market instruments or other type of investments, except money market mutual funds that are reported in Schedule E, Part 2 as cash equivalents, are considered to be shares of common stock and should be listed in the appropriate category of Mutual Funds.

Only transferable shares (i.e., can be bought and sold) of savings and loan or building and loan associations are to be reported in this schedule.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 24.

Column 2 – Description

Give a description of all common stocks owned, redeemable options, if any, and address (city and state) of all banks, trust and insurance companies, savings and loan or building and loan associations and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 22, Issuer and Column 23, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

Column 3 – Code

Enter "#" in this column for all foreign (non-SEC registered) open-end registered investment funds.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

If the security is foreign mutual fund and is not under the exclusive control of the company, the "#" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "#" with the "^" preceding the "#", immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

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

Column 6 – Book/Adjusted Carrying Value

This is the Fair Value (adjusted for any other-than-temporary impairment) as of the end of the current reporting year, except for common stock in Subsidiary, Controlled or Affiliated (SCA) companies accounted for under another valuation method (e.g., equity method).

The amount reported in this column should equal:

Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities)
plus "Total Change in Book/Adjusted Carrying Value"
plus "Total Foreign Exchange Change in Book/Adjusted Carrying Value"
plus Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Column 7 – Rate Per Share Used to Obtain Fair Value

Report rate used for determining fair value.

Column 8 – Fair Value

The fair value should be the price which, when multiplied by the number of shares held, results in the dollar amount that would be received (excluding accrued dividends) if the security was sold at fair value.

The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.

Column 9 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: partial sales of unaffiliated common stock and any return of capital for common stock in SCA companies (both reported in Schedule D, Part 4); and subsequent acquisitions of the same unaffiliated common stock and additional investments in the common stock in SCA companies (both reported in Schedule D, Part 3). The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairments.

Include: Original cost of acquiring the common stock including broker's commission and the incidental expenses of effecting delivery. Return of capital is included as a reduction of cost. For subsidiaries and affiliates, include changes in capital contributions.

Column 11 – Dividends - Amount Received During the Year

For Mutual Funds (excluding Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

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

Report amounts net of foreign withholding tax.

Column 12 – Dividends - Nonadmitted Declared but Unpaid

This should equal the nonadmitted amount of dividends declared but unpaid for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 13 – Unrealized Valuation Increase/(Decrease)

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

The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column; or

The increase/(decrease) for a specific investment in a Subsidiary, Controlled or Affiliated (SCA) company that results from the reporting entity's share of undistributed earnings and losses.

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

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 15 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

Unrealized Valuation Increase/(Decrease)
minus Current Year's Other-Than-Temporary Impairment Recognized.

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value and the prior year's Book/Adjusted Carrying Value (excluding amounts reported in Schedule D, Parts 3, 4 and 5).

Column 16 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

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

Column 17 – Date Acquired

For public placements, use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Column 18 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

For securities reported on Line 9499999 (Mutual Funds) , Line 9599999 (Unit Investment Trusts) and Line 9699999 (Closed-End Funds), provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination as assigned by the Securities Valuation Office and published in AVS+ per the instructions in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* on the Compilation and Publication of the SVO List of Investment Securities. A list of these funds can be found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*).

NAIC Designation and NAIC Designation Modifier should not be provided for securities reported on these lines categories stated above that have not been assigned one by the Securities Valuation Office. For all other common stock line categories, the NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol should not be provided.

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

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

- NAIC Designation Column 18A
- NAIC Designation Modifier Column 18B
- SVO Administrative Symbol Column 18C

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

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for securities reported on Line 9499999 (Mutual Funds) , Line 9599999 (Unit Investment Trusts) and Line 9699999 (Closed-End Funds) if eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, should not be provided.

The Designation Modifier should not be provided for securities reported on lines below.

- Industrial and Miscellaneous (Unaffiliated) Publicly Traded Line 9099999
- Industrial and Miscellaneous (Unaffiliated) Other Line 9199999
- Parent, Subsidiaries and Affiliates Publicly Traded Line 9299999
- Parent, Subsidiaries and Affiliates Other Line 9399999

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

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

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for common stock. Refer to the P&P Manual for the application of these symbols.

YE Year-end carry over

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

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

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

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

****  Columns 19 through 24 will be electronic only.  ****

Column 19 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

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

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

Column 20 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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

Column 21 – Legal Entity Identifier (LEI)

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

Column 22 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 23 – Issue

Issue information provides detailed data as to the type of security being reported.

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 24 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 6.

## SCHEDULE D – PART 3

## LONG-TERM BONDS AND STOCKS ACQUIRED DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were purchased/acquired during the current reporting year that are still owned as of the end of the current reporting year (amounts purchased and sold during the current reporting year are reported in detail on Schedule D, Part 5 and only in subtotal in Schedule D, Part 3). This should include all transactions that adjust the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

Purchases of securities not previously owned;

Subsequent purchases of investment issues already owned;

Acquisition of a new stock through a stock dividend (e.g., spin off); and

Any increases in the investments in SCA companies that adjust the cost basis (e.g., subsequent capital infusions [investments] in SCA companies valued using the equity method).

This schedule should NOT be used for stock splits to show increases in the number of shares; nor should it be used for stock dividends to show increases in the number of shares (unless the stock shares received as dividends are in a stock that is not already owned by the reporting entity – e.g., received in a spin off). Rather, for stock splits and stock dividends of an already owned stock, adjustments for the appropriate columns should be made in Schedule D, Part 2, Section 1 and in Schedule D, Part 2, Section 2.

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

**Bond Mutual Funds – as Identified by SVO and Exchange Traded Funds – as Identified by SVO, which are described in the Investment Schedules General Instructions,** are to be included in SVO Identified Funds.

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

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

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

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | 0599999 |
| All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |
| U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |
| Industrial and Miscellaneous (Unaffiliated) | 3899999 |
| Hybrid Securities | 4899999 |
| Parent, Subsidiaries and Affiliates | 5599999 |
| SVO Identified Funds | 8099999 |
| Unaffiliated Bank Loans | 8299999 |
| Subtotals – Bonds – Part 3 | 8399997 |
| Summary item from Part 5 for Bonds | 8399998 |
| Subtotals – Bonds | 8399999 |

Preferred Stocks:

| | |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred | 8499999 |
| Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred | 8599999 |
| Parent, Subsidiaries and Affiliates Perpetual Preferred | 8699999 |
| Parent, Subsidiaries and Affiliates Redeemable Preferred | 8799999 |
| Subtotals – Preferred Stocks – Part 3 | 8999997 |
| Summary item from Part 5 for Preferred Stocks | 8999998 |
| Subtotals – Preferred Stocks | 8999999 |

Common Stocks:

| | |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Publicly Traded | 9099999 |
| Industrial and Miscellaneous (Unaffiliated) Other | 9199999 |
| Parent, Subsidiaries and Affiliates Publicly Traded | 9299999 |
| Parent, Subsidiaries and Affiliates Other | 9399999 |
| Mutual Funds | 9499999 |
| Unit Investment Trusts | 9599999 |
| Closed-End Funds | 9699999 |
| Subtotals – Common Stocks – Part 3 | 9799997 |
| Summary item from Part 5 for Common Stocks | 9799998 |
| Subtotals – Common Stocks | 9799999 |
| Subtotals – Preferred and Common Stocks | 9899999 |

Totals ............ 9999999

Include all bonds and stocks acquired during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Exclude cash equivalents and short-term investments as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

A bond acquisition is recorded on the trade date, not the settlement date, except for the acquisition of private placement bonds that are recorded on the funding date.

Enter as a summary item the totals of Columns 8, 9 and 21 of Part 5, for bonds, preferred stocks and common stocks.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 14.

Column 2 – Description

Give a description of all bonds and preferred and common stocks. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 12, Issuer and Column 13, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 12, Issuer.

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

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

Column 3 – Foreign

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

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 5 – Name of Vendor

The items with reference to each issue of bonds and stocks acquired at public offerings may be totaled in one line and the word "various" inserted.

Column 7 – Actual Cost

This is the recorded cost of the investment purchased during the current year and still held as of the end of the current year. This amount would also be reported in the Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. The amount reported in the Actual Cost Column included in Schedule D, Part 3 will never differ from the actual consideration paid to purchase the security. Any appropriate adjustments to the Actual Cost will be made in the detail listing schedules (Schedule D, Part 1; Schedule D, Part 2, Section 1; and Schedule D, Part 2, Section 2) or in Schedule D, Part 4, as appropriate.

Include: Cost of acquiring the bond or stock, including broker's commission and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Transaction fees on repooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e. points).

Exclude: Accrued interest and dividends.

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

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

Column 8 – Par Value

For mortgage-backed/loan-backed and structured securities, enter the par amount of principal purchased on a security on which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock if any.

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

Column 9 – Paid for Accrued Interest and Dividends

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter amount of dividends on shares acquired between the dividend declaration date and the ex-dividend date.

**** Columns 10 through 14 will be electronic only. ****

Column 10 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued.
Use "US" for federal agency issues.

Column 11 – Legal Entity Identifier (LEI)

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

Column 12 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 13 – Issue

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

> 6% Senior 2018
> 7% Subordinated Debenture 03/15/2022
> 3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

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

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

Column 14 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

## SCHEDULE D – PART 4

## LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were sold/disposed of during the current reporting year that were owned as of the beginning of the current reporting year (amounts purchased and sold during the current reporting year are reported in detail on Schedule D, Part 5 and only in subtotal in Schedule D, Part 4). This should include all transactions that adjust the cost basis of the securities (except other-than-temporary impairments that are not part of a disposal transaction). Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

Pay downs of securities still owned (including CMO prepayments);

Subsequent partial sales of investment issues still owned;

Reallocation of the cost basis of an already owned stock to the cost basis of a new stock received as a dividend (e.g., spin off); and

Any decreases in the investments in SCA companies that adjust the cost basis, not including other-than-temporary impairments alone (e.g., subsequent return of capital from investments in SCA companies valued using the equity method).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

**Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, which are described in the Investment Schedules General Instructions**, are to be included in SVO Identified Funds.

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

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

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

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | 0599999 |
| All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |
| U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |
| Industrial and Miscellaneous (Unaffiliated) | 3899999 |
| Hybrid Securities | 4899999 |
| Parent, Subsidiaries and Affiliates | 5599999 |
| SVO Identified Funds | 8099999 |
| Unaffiliated Bank Loans | 8299999 |
| Subtotals – Bonds – Part 4 | 8399997 |
| Summary item from Part 5 for Bonds | 8399998 |
| Subtotals – Bonds | 8399999 |

Preferred Stocks:

| | |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred | 8499999 |
| Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred | 8599999 |
| Parent, Subsidiaries and Affiliates Perpetual Preferred | 8699999 |
| Parent, Subsidiaries and Affiliates Redeemable Preferred | 8799999 |
| Subtotals – Preferred Stocks – Part 4 | 8999997 |
| Summary item from Part 5 for Preferred Stocks | 8999998 |
| Subtotals – Preferred Stocks | 8999999 |

Common Stocks:

| | |
|---|---|
| Industrial and Miscellaneous (Unaffiliated) Publicly Traded | 9099999 |
| Industrial and Miscellaneous (Unaffiliated) Other | 9199999 |
| Parent, Subsidiaries and Affiliates Publicly Traded | 9299999 |
| Parent, Subsidiaries and Affiliates Other | 9399999 |
| Mutual Funds | 9499999 |
| Unit Investment Trusts | 9599999 |
| Closed-End Funds | 9699999 |
| Subtotals – Common Stocks – Part 4 | 9799997 |
| Summary item from Part 5 for Common Stocks | 9799998 |
| Subtotals – Common Stocks | 9799999 |
| Subtotals – Preferred and Common Stocks | 9899999 |

Totals ........ 9999999

A bond disposal is recorded on the trade date, not the settlement date.

Include all bonds and stocks disposed of during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R—Loan-Backed and Structured Securities* for additional guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

Enter as a separate summary item the totals of Columns 8 to 20 of Part 5, for bonds, preferred stocks and common stocks.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

Column 2 – Description

Give a description of all bonds and preferred and common stock, including location of all banks, trust and miscellaneous companies. If bonds are serial issues, give amounts maturing each year. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

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

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

Column 3 – Foreign

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

Column 4 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks disposed of at public offerings on more than one date may be totaled on one line and the date of last disposal inserted.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last disposal.

Column 5 – Name of Purchaser

If matured or called under redemption option, so state and give price at which called.

Column 7 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter price received at sale, usually the number of shares sold times the selling price per share.

Column 8 – Par Value

For mortgage-backed/loan-backed and structured securities, enter the par amount of principal sold on a security on which the reporting entity has a claim. For interest only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the sale date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock if any.

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

Column 9 – Actual Cost

This is the recorded cost of the investment purchased prior to the current reporting year and sold during the current reporting year. This amount will come from the prior reporting year's Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. However, it will need to be adjusted due to other-than-temporary impairments recognized during the current year.

Exclude: Accrued interest and dividends.

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

Column 10 – Prior Year Book/Adjusted Carrying Value

This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security.

Column 11 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the amount necessary to reverse the net effect of any unrealized gains/(losses) recognized while the security was carried (up to the most recent amortized value for securities that have been carried at Amortized Value or up to Actual Cost for those securities that have never been carried at Amortized Value).

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4 – Life, Property, Fraternal & Title and Page 5 – Health).

Column 12 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount up to the disposal date. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 13 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 14 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

|  |  |
|---|---|
|  | Unrealized Valuation Increase/(Decrease) |
| plus | Current Year's (Amortization)/Accretion |
| minus | Current Year's Other-Than-Temporary Impairment Recognized. |

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value at Disposal Date and the prior year's Book/Adjusted Carrying Value.

Column 15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

The total foreign exchange change for a specific security will be the amount necessary to reverse the net effect of unrealized foreign exchange gains (losses) recognized while the security was owned by the company. This includes the reversal of unrealized increase (decrease) recorded in previous year(s).

The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account (Page 4).

Column 16 – Book/Adjusted Carrying Value at Disposal Date

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: Accrued Interest.

This should equal the Actual Cost Column amount (adjusted for other-than-temporary impairments recognized) for each specific common stock and for each preferred stock that is not amortizable; and the Amortized Cost (adjusted for other-than-temporary impairments recognized) at disposal date for each specific redeemable preferred stock that is amortizable.

Column 17 – Foreign Exchange Gain (Loss) on Disposal

Report the foreign exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the difference between the consideration, Column 7 and actual cost Column 9 at date of sale.

Bonds called where consideration received exceeds par:

> For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 16).

Bonds called where consideration received is less than par:

> For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column 19 – Total Gain (Loss) On Disposal

Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

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

Report amounts net of foreign withholding tax.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 7) less the Par value of the investment (Column 8).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column 21 – Stated Contractual Maturity Date

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), leave blank.

For perpetual bonds, enter 01/01/9999.

**** Columns 22 through 26 will be electronic only. ****

Column 22 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued.
Use "US" for federal agency issues.

Column 23 – Legal Entity Identifier (LEI)

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

Column 24 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 25 – Issue

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

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

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

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

Column 26 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

## SCHEDULE D – PART 5

## LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE YEAR AND FULLY DISPOSED OF DURING CURRENT YEAR

This schedule should include a detailed listing of all securities that were both purchased/acquired and sold/disposed of during the current reporting year (amounts purchased and sold during the current reporting year are also reported in subtotals in Schedule D, Parts 3 and 4).

Reporting entities should track information separately for securities purchased in different lots rather than using some type of averaging for the issue in aggregate. Thus, this schedule should only be used when an entire lot of a security has been purchased and sold during the current reporting year (even when different lots of the same security still exist on the reporting entity's books).

As with Schedule D, Parts 3 and 4, this schedule should not be used for a transaction unless it affects the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3 or other situations such as CUSIP number changes.

Bonds, preferred stocks and common stocks are to be grouped separately, showing subtotals for each category. Bonds should be grouped and arranged alphabetically as described in the instructions for Schedule D, Part 1. (Securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).

**Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO that are described in the Investment Schedules General Instructions** are to be included in SVO Identified Funds.

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

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

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**

| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | 0599999 |
| All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |
| U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |
| Industrial and Miscellaneous (Unaffiliated) | 3899999 |
| Hybrid Securities | 4899999 |
| Parent, Subsidiaries and Affiliates | 5599999 |
| SVO Identified Funds | 8099999 |
| Unaffiliated Bank Loans | 8299999 |
| Subtotals – Bonds | 8399998 |

Preferred Stocks:

- Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred ........ 8499999
- Industrial and Miscellaneous (Unaffiliated) Redeemable Preferred ........ 8599999
- Parent, Subsidiaries and Affiliates Perpetual Preferred ........ 8699999
- Parent, Subsidiaries and Affiliates Redeemable Preferred ........ 8799999
- Subtotals – Preferred Stocks ........ 8999998

Common Stocks:

- Industrial and Miscellaneous (Unaffiliated) Publicly Traded ........ 9099999
- Industrial and Miscellaneous (Unaffiliated) Other ........ 9199999
- Parent, Subsidiaries and Affiliates Publicly Traded ........ 9299999
- Parent, Subsidiaries and Affiliates Other ........ 9399999
- Mutual Funds ........ 9499999
- Unit Investment Trusts ........ 9599999
- Closed-End Funds ........ 9699999
- Subtotals – Common Stocks ........ 9799998
- Subtotals – Preferred and Common Stocks ........ 9899999

Totals ........ 9999999

Only those bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Refer to *SSAP No. 43R—Loan-Backed and Structured Securities* for accounting guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

A bond acquisition or disposal is recorded on the trade date, not the settlement date, except for the acquisition of private placement bonds, use the funding date.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

Column 2 – Description

Give a description of all bonds and preferred and common stocks, including location of all banks, trust and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter complete name of the fund. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

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

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

Column 3 – Foreign

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

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks acquired at public offerings on more than one date and insert the date of last acquisition.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last purchase.

Column 5 – Name of Vendor

The items with reference to each issue of bonds and stocks acquired at public offerings may be totaled in one line and the word "various" inserted.

Column 6 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks disposed of at public offerings on more than one date and insert the date of last disposal.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter date of last disposal.

Column 7 – Name of Purchaser

If matured or called under redemption option, so state and give price at which called.

Column 9 – Actual Cost

This is the recorded cost of an investment that was purchased during the current reporting year and sold during the current reporting year.

Include: Cost of acquiring the bond or stock, including broker's commission and other related fees to the extent they do not exceed the fair value at the date of acquisition.

Exclude: Accrued interest and dividends.

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

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

Column 10 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter price received at sale, usually the number of shares sold times the selling price per share.

Column 11 – Book /Adjusted Carrying Value at Disposal

This should equal the Actual Cost column amount (adjusted for other-than-temporary impairments recognized) for each specific common stock and for each preferred stock that is not amortizable and Amortized Cost (adjusted for other-than-temporary impairments recognized) at disposal date for each specific bond and for each specific redeemable preferred stock that is amortizable.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

Exclude: Accrued interest.

Column 13 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount up to the disposal date. The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Column 14 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 15 – Total Change in Book/Adjusted Carrying Value

This column should equal the net of:

| | |
|---|---|
| | Unrealized Valuation Increase/(Decrease) |
| plus | Current Year's (Amortization)/Accretion |
| minus | Current Year's Other-Than-Temporary Impairment Recognized. |

This amount, plus any foreign exchange adjustment related to these amounts (reported in the Total Foreign Exchange Change in Book/Adjusted Carrying Value column), should represent the difference between the current reporting year's Book/Adjusted Carrying Value at Disposal Date and the security's Actual Cost (adjusted for any other-than-temporary impairment recognized).

Column 16 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

The total foreign exchange change for a specific security will be the amount necessary to reverse the net effect of unrealized foreign exchange gains (losses) recognized while the security was owned by the company. This includes the reversal of unrealized increase (decrease) recorded in previous year(s).

The amounts reported in this column should be included as net unrealized foreign exchange capital gain (loss) in the Capital and Surplus Account (Page 4).

Column 17 – Foreign Exchange Gain (Loss) On Disposal

Report the foreign exchange gain or loss on disposal.

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 11).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column 19 – Total Gain (Loss) On Disposal

Report the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Interest and Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

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

Report amounts net of foreign withholding tax.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of investment income reported is equal to the total consideration received (Column 10) less the Par value of the investment (Column 8).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

**** Columns 22 through 26 will be electronic only. ****

Column 22 – State Abbreviation

Applies to:

U.S. States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).

U.S. Political Subdivisions of States, Territories and Possessions

Include appropriate state abbreviation for the state where the security is issued.

U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Include appropriate state abbreviation for the state where the security is issued.
Use "US" for federal agency issues.

Column 23 – Legal Entity Identifier (LEI)

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

Column 24 – Issuer

Issuer Definition:

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

The reporting entity is encouraged to use the following sources:

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

Do not report ticker symbols, either internal or otherwise.

Column 25 – Issue

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

> 6% Senior 2018
> 7% Subordinated Debenture 03/15/2022
> 3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

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

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

Column 26 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

## SCHEDULE D – PART 6 – SECTION 1

## VALUATION OF SHARES OF SUBSIDIARY, CONTROLLED OR AFFILIATED COMPANIES

If a reporting entity has any common stock or preferred stock reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

| Category | Line Number |
|---|---|
| Preferred Stocks: | |
| Parent | 0199999 |
| U.S. Property & Casualty Insurer | 0299999 |
| U.S. Life Insurer | 0399999 |
| U.S. Health Entity # | 0499999 |
| Alien Insurer | 0599999 |
| Non-Insurer Which Controls Insurer | 0699999 |
| *Investment Subsidiary | 0799999 |
| Other Affiliates | 0899999 |
| Subtotals – Preferred Stocks | 0999999 |
| Common Stocks: | |
| Parent | 1099999 |
| U.S. Property & Casualty Insurer | 1199999 |
| U.S. Life Insurer | 1299999 |
| U.S. Health Entity # | 1399999 |
| Alien Insurer | 1499999 |
| Non-Insurer Which Controls Insurer | 1599999 |
| *Investment Subsidiary | 1699999 |
| Other Affiliates | 1799999 |
| Subtotals – Common Stocks | 1899999 |
| Totals – Preferred and Common Stocks | 1999999 |

# – Include in this category any health entities that file the Health Risk-Based Capital formula.

*NOTE: Investment Subsidiary shall mean any subsidiary, other than a holding company, engaged or organized primarily in the ownership and management of investments for the reporting entity. An investment subsidiary shall not include any broker dealer or a money management fund managing funds other than those of the parent company. The following criteria are applicable:

1. 95% or more of the investment subsidiary's assets would qualify as admitted assets;

2. The investment subsidiary's total liabilities are 5% or less of total assets;

3. Combining the pro-rata ownership shares of the assets of all the investment subsidiaries with the owning reporting entity's assets does not violate any state requirements concerning diversification of investments or limitations on investments in a single entity; and

4. The investment subsidiary's book/adjusted carrying value does not exceed the imputed value on a statutory accounting basis. If the book/adjusted carrying value does exceed the imputed statutory value, the reporting entity may either nonadmit the excess or categorize such subsidiary in the "All Other Affiliates" category.

Column 1 – CUSIP Identification

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

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 16.

Column 2 – Description

List the preferred and common stocks for each subsidiary, controlled or affiliated (SCA) company, as defined in the General section of these instructions. The description should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 3 – Foreign

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

Column 4 – NAIC Company Code

If not applicable, the NAIC Company Code field should be zero-filled.

Column 5 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) General Instructions for more information on these identification numbers.

| | | |
|---|---|---|
| Federal Employer Identification Number | (FEIN) | |
| Alien Insurer Identification Number | (AIIN) | * |
| Reciprocal Jurisdiction Reinsurer Identification Number | (RJIN) | * |
| Certified Reinsurer Identification Number | (CRIN) | * |

* RJIN, AIINs or CRINs are only reported if the entity is a reinsurer that has had an RJIN, AIIN or CRIN number assigned or should have one assigned due to transactions being reported on Schedule F (Property and Title) or Schedule S (Life, Health and Fraternal) of another reporting entity.

If not applicable for the entity, leave blank.

Column 6 – NAIC Valuation Method

Include the NAIC valuation method as detailed *SSAP No. 97—Subsidiary, Controlled and Affiliated Entities*.

Use the following codes to indicate a specific valuation method:

| CODE | Valuation Method |
|---|---|
| 8a | Market Value |
| 8bi | Investment in U.S. Insurance Company SCAs |
| 8bii | Investments in Non-Insurance SCA Entities Statutory Basis |
| 8biii | Investments in Non-Insurance SCA Entities GAAP Basis |
| 8biv | Investments in Foreign Insurance Company SCA Entities |

Any NAIC Valuation Method which has not been approved by the filing of a SUB 1 or SUB 2 form with the NAIC SCA Group and which is entered by the reporting entity under its own judgment shall have the letter "Z" appended to the method designation.

Column 7 – Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?

State whether the assets shown by the reporting entity in this statement include, through the carrying value of stock of the SCA company valued under the *SSAP No. 97—Subsidiary, Controlled and Affiliated Entities*, intangible assets arising out of the purchase of such stock by the reporting entity or the purchase by the SCA Company of the stock of a lower-tier company controlled by the SCA Company. For purposes of this question, intangible assets at purchase shall be defined as the excess of the purchase price over the tangible net worth (total assets less intangible assets and total liabilities) represented by such shares as recorded, immediately prior to the date of purchase, on the books of the company whose stock was purchased.

Column 8 – Total Amount of Such Intangible Assets

If the answer in Column 7 is "Yes," give the total amount of intangible assets involved whether admitted or nonadmitted. The intangible assets shown for the SCA Company should include any intangible assets that are included in the SCA Company's carrying value of the stock of one or more lower-tier companies controlled by the SCA Company. In all cases, the current intangible assets equal the intangible assets at purchase, as defined above, minus any write-off thereof between the date of purchase and the statement date. If any portion of the total amount of intangible assets is required to be nonadmitted for all SCA companies combined in accordance with *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* and *SSAP No. 68—Business Combinations and Goodwill* state the total amount nonadmitted in the footnote at the bottom of the this section of the schedule.

Column 10 – Nonadmitted Amount

Provide the amount nonadmitted, if any, included in Column 2 of the Asset page.

Column 11 – Stock of Such Company Owned by Insurer on Statement Date Number of Shares and
Column 12 – Stock of Such Company Owned by Insurer on Statement Date % of Outstanding

State the number of shares of stock of the SCA Company owned by the reporting entity on the statement date and the percent owned of the outstanding shares of the same class.

**** Column 13 through 16 will be electronic only. ****

Column 13 – Legal Entity Identifier (LEI)

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

Column 14 – Issuer

Issuer Definition:

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

Do not report ticker symbols, either internal or otherwise.

The issuer information should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 15 – Issue

Issue information provides detailed data as to the type of security being reported.

Do not report ticker symbols, either internal or otherwise.

The issue information should be the same as provided for Schedule D, Part 2, Sections 1 and 2.

Column 16 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

## SCHEDULE D – PART 6 – SECTION 2

If a reporting entity has any common or preferred stocks reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

| Category | Line Number |
|---|---|
| Preferred Stocks | 0199999 |
| Common Stocks | 0299999 |
| Totals – Preferred and Common Stocks | 0399999 |

Column 2 – Name of Lower-Tier Company

List each company that is controlled by an SCA Company by means of holding a controlling block of the outstanding stock, either directly or through one or more intervening companies that are also so controlled. Do not include companies that are themselves SCA Companies listed in Section 1.

Column 3 – Name of Company Listed in Section 1 Which Controls Lower-Tier Company

If more than one SCA Company controls the lower-tier company, list each SCA Company and complete Columns 4 through 6 separately for each.

Column 4 – Total Amount of Intangible Assets Included in Amount Shown in Column 8, Section 1

As explained in the instructions for Section 1, this amount is based on the intangible assets at purchase of the stock of the lower-tier company, reduced by any subsequent write-off. The reporting entity also bases the amount shown on the proportionate ownership of the lower-tier company.

Column 5 – Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date Number of Shares and
Column 6 – Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date % of Outstanding

These figures represent the proportionate ownership by the reporting entity through the particular SCA Company.

**** Column 7 will be electronic only. ****

Column 7 – Legal Entity Identifier (LEI)

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

Schedule DA

## SCHEDULE DA – PART 1

## SHORT-TERM INVESTMENTS OWNED DECEMBER 31 OF CURRENT YEAR

Include all investments whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were one year or less except those defined as cash or cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*. All short-term investments owned at Dec. 3l of current year should be separated into bonds, mortgage loans, other short-term invested assets and investments in parent, subsidiaries and affiliates. Within each category, investments should be arranged alphabetically.

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

Repurchase and reverse repurchase agreements shall be shown gross when reported in the Schedule DA. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (page 2 and page 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Short Sales:

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

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

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

- **Category definitions for bonds.**
- **Foreign column code list and matrix for determining code.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | |
| Issuer Obligations | 0199999 |
| Residential Mortgage-Backed Securities | 0299999 |
| Commercial Mortgage-Backed Securities | 0399999 |
| Other Loan-Backed and Structured Securities | 0499999 |
| Subtotals – U.S. Governments | 0599999 |
| All Other Governments | |
| Issuer Obligations | 0699999 |
| Residential Mortgage-Backed Securities | 0799999 |
| Commercial Mortgage-Backed Securities | 0899999 |
| Other Loan-Backed and Structured Securities | 0999999 |
| Subtotals – All Other Governments | 1099999 |

U.S. States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations........ 1199999
Residential Mortgage-Backed Securities ........ 1299999
Commercial Mortgage-Backed Securities........ 1399999
Other Loan-Backed and Structured Securities ........ 1499999
Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) ........ 1799999

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations........ 1899999
Residential Mortgage-Backed Securities ........ 1999999
Commercial Mortgage-Backed Securities........ 2099999
Other Loan-Backed and Structured Securities ........ 2199999
Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)........ 2499999

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Issuer Obligations........ 2599999
Residential Mortgage-Backed Securities ........ 2699999
Commercial Mortgage-Backed Securities........ 2799999
Other Loan-Backed and Structured Securities ........ 2899999
Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions ........ 3199999

Industrial and Miscellaneous (Unaffiliated)

Issuer Obligations........ 3299999
Residential Mortgage-Backed Securities ........ 3399999
Commercial Mortgage-Backed Securities........ 3499999
Other Loan-Backed and Structured Securities ........ 3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated) ........ 3899999

Hybrid Securities

Issuer Obligations........ 4299999
Residential Mortgage-Backed Securities ........ 4399999
Commercial Mortgage-Backed Securities........ 4499999
Other Loan-Backed and Structured Securities ........ 4599999
Subtotals – Hybrid Securities........ 4899999

Parent, Subsidiaries and Affiliates Bonds

Issuer Obligations........ 4999999
Residential Mortgage-Backed Securities ........ 5099999
Commercial Mortgage-Backed Securities........ 5199999
Other Loan-Backed and Structured Securities ........ 5299999
Affiliated Bank Loans – Issued ........ 5399999
Affiliated Bank Loans – Acquired ........ 5499999
Subtotals – Parent, Subsidiaries and Affiliates Bonds ........ 5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO........ 5899999
Bond Mutual Funds – as Identified by the SVO ........ 5999999
Subtotals – SVO Identified Funds........ 6099999

Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued ........ 6399999
Unaffiliated Bank Loans – Acquired........ 6499999
Subtotals – Unaffiliated Bank Loans........ 6599999

Total Bonds

Subtotals – Issuer Obligations ............ 7699999
Subtotals – Residential Mortgage-Backed Securities ............ 7799999
Subtotals – Commercial Mortgage-Backed Securities ............ 7899999
Subtotals – Other Loan-Backed and Structured Securities ............ 7999999
Subtotals – SVO Identified Funds ............ 8099999
Subtotals – Affiliated Bank Loans ............ 8199999
Subtotals – Unaffiliated Bank Loans ............ 8299999
Subtotals – Bonds ............ 8399999

Parent, Subsidiaries and Affiliates

Mortgage Loans ............ 8499999
Other Short-Term Invested Assets ............ 8599999
Subtotals – Parent, Subsidiaries and Affiliates ............ 8699999

Mortgage Loans ............ 8799999

Other Short-Term Invested Assets ............ 9099999

Total Short-Term Investments ............ 9199999

Column 1 – Description

Give a complete and accurate description of all bonds, including identifying the kind of investment vehicle if other than short-term bond. Identify "repos" in Column 1; and for "repos," show the repurchase date. For collateral loans, the type of securities held and fair value of the securities should be included in the description.

Column 2 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.

Enter "%" in this column for all investments which have been reported on this schedule for more than one consecutive year.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

If the security is an SVO Identified Fund designated for systematic value or Principal STRIP bond or other zero coupon bond and is not under the exclusive control of the company, the "*","@" or "%" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

If the "%" code is used in conjunction with the "*" or "@" codes, the "%" code should appear after the "*" or "@" codes immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*","@" or "%"with the "^" preceding the "*","@" or "%"depending on the asset being reported, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

If the "%" code is used in conjunction with the "*" or "@" codes, the "%" code should appear after the "*" or "@" codes immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

Column 3 – Foreign

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

Column 4 – Date Acquired

For public placements, use trade date not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks acquired at public offerings on more than one date and insert the date of last acquisition.

Column 5 – Name of Vendor

Reporting entities may total on one line purchases of various issues of the same issuer of short-term investments and insert the word "various."

Column 6 – Maturity Date

Reporting entities may total on one line purchases of various issues of the same issuer of short-term investments and insert the appropriate maturity date.

Column 7 – Book/Adjusted Carrying Value

Securities excluding SVO Identified fund and mandatory convertible bonds:

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

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

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

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value that is other-than-temporary.

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

Accrued interest or dividends.

Mandatory Convertible Bonds:

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

SVO Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable.

**NOTE:** **Use of systematic value is effective Dec. 31, 2017.** This effective date requires entities to either report SVO-Identified investments at fair value on the effective date, or to identify the SVO-Identified investments with a code to identify use of systematic value. If the investment is coded for systematic value, the investment will be reported in the 2017 annual financial statements using the measurement method utilized throughout 2017. For these investments, beginning Jan. 1, 2018, the reporting entity shall report the investment using the calculated systematic value method detailed in *SSAP No. 26R—Bonds*.

The amount reported in this column should equal:

| | |
|---|---|
| | Actual Cost |
| plus | Unrealized Valuation Increase (Decrease)Total in Book/Adjusted Carrying Value |
| plus | Current Year's (Amortization)/Accretion |
| minus | Current Year's Other-Than-Temporary Impairment Recognized |
| plus | Total Foreign Exchange Change in Book/Adjusted Carrying Value |
| plus | Changes due to acquisitions or disposals. |

Column 8 – Unrealized Valuation Increase (Decrease)

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

Include — For SVO-identified funds, the change from the prior reported BACV to fair value/net asset value. If an SVO-identified fund no longer qualifies for systematic value, the difference from systematic value in prior year to fair value/net asset value in current year.

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

Column 9 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income.

Include — The (Amortization)/Accretion of SVO Identified Funds designated for reporting at systematic value.

Column 10 – Current Year's Other-Than-Temporary Impairment Recognized

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

Column 11 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

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

Column 12 – Par Value

Enter the par value of the bonds owned adjusted for repayment of principal. For mortgage-backed/loan-backed and structured securities, enter the par amount of principal to which the company has claim. For interest-only bonds without a principal amount on which the company has a claim, use a zero value. Enter the statement date par value for bonds with adjustable principal. An interest-only bond with a small par amount of principal would use that amount.

Column 13 – Actual Cost

Include: Cost of acquiring the issue, including brokers' commission and incidental expenses of effecting delivery.

Exclude: Accrued interest.

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

Column 15 – Nonadmitted Interest Due & Accrued

This should equal the nonadmitted amount of due and accrued interest for a specific security, based upon the assessment of collectibility required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.

Column 16 – Rate of Interest

Show rate of interest as stated on the face of the issue. Where the original stated rate has been renegotiated, show the latest modified rate. Short-term bonds with various issues of the same issuer use the last rate of interest. All information reported in this field must be a numeric value.

For Principal STRIP Bonds or other zero-coupon bonds, enter numeric zero (0).

Column 17 – Effective Rate of Interest

Short-term bonds with various issues of the same issuer use the weighted average effective yield to maturity. The Effective Yield calculation should be modified for other-than-temporary impairments recognized. All information reported in this field must be a numeric value.

Column 18 – Interest – When Paid

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

For Principal STRIP Bonds or other zero-coupon bonds, enter N/A.

Column 19 – Interest – Amount Received During Year

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

Report amounts net of foreign withholding tax.

**** Columns 21 and 22 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

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

Column 22 – NAIC Designation Category

Provide the appropriate combination of NAIC Designation Equivalent (1 through 6) and NAIC Designation Modifier Equivalent (A through G) (see table below) for each security shown.

The NAIC Designation and NAIC Designation Modifier Equivalent should not be provided for the following lines:

- Parent, Subsidiaries and Affiliates – Mortgage Loans Line 8499999
- Parent, Subsidiaries and Affiliates – Other Short-Term Invested Assets Line 8599999
- Mortgage Loans Line 8799999
- Other Short-Term Invested Assets Line 9099999

Exchange Traded Funds – as Identified by the SVO should be reported as perpetual securities.

The NAIC Designation Category will be two sub-columns in the data table.

- NAIC Designation Equivalent Column 22A
- NAIC Designation Modifier Equivalent Column 22B

NAIC Designation Equivalent:

For the NAIC Designation Equivalent, use the NAIC designation that would have been used for the investment had it been reported on Schedule D, Part 1 if available. If no NAIC Designation is available, the reporting entity should use a NAIC Designation Equivalent most closely resembles their credit risk the investment.

NAIC Designation Modifier Equivalent:

Bonds (Lines 0199999 through 659999)

Use the NAIC Designation Modifier that would have been used for the investment had it been reported on Schedule D, Part 1 if available.

If no NAIC Designation Modifier is available, the reporting entity should use a NAIC Designation Modifier Equivalent most closely resembles their credit risk the investment.

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

Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these codes.

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

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

NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

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

## SCHEDULE DB

## DERIVATIVE INSTRUMENTS

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where a reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

This schedule should be used to report derivative instruments. Specific accounting procedures for each derivative instrument will depend on the definition below and documented intent that best describes the instrument. Uses of derivative instruments that are reported in this schedule include hedging, income generation, replication and other. State investment laws and regulations should be consulted for applicable limitations and permissibility on the use of derivative instruments. If the derivative strategy meets the definition of hedging as outlined in *SSAP No. 86—Derivatives*, then the underlying derivative transactions composing that strategy should be reported in that category of Schedule DB. If the underlying derivative strategy does not meet the definition of hedging as per *SSAP No. 86—Derivatives*, then the underlying derivative transactions composing that strategy should be reported as either hedging other, replication, income generation or other.

## DEFINITIONS OF DERIVATIVE INSTRUMENTS

A hedge transaction is "Anticipatory" if it relates to:

a. A firm commitment to purchase assets or incur liabilities; or

b. An expectation (but not obligation) to purchase assets or incur liabilities in the normal course of business.

*"Underlying Interest"* means the asset(s), liability(ies) or other interest(s) underlying a derivative instrument, including, but not limited to, any one or more securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

*"Option"* means an agreement giving the buyer the right to buy or receive, sell or deliver, enter into, extend or terminate, or effect a cash settlement based on the actual or expected price, level, performance or value of one or more Underlying Interests.

*"Warrant"* means an agreement that gives the holder the right to purchase an underlying financial instrument at a given price and time or at a series of prices and times according to a schedule or warrant agreement.

*"Cap"* means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a reference price, level, performance or value of one or more Underlying Interests exceed a predetermined number, sometimes called the strike/cap rate or price.

*"Floor"* means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a predetermined number, sometimes called the strike/floor rate or price exceeds a reference price, level, performance or value of one or more Underlying Interests.

*"Collar"* means an agreement to receive payments as the buyer of an Option, Cap or Floor and to make payments as the seller of a different Option, Cap or Floor.

*"Swap"* means an agreement to exchange or net payments at one or more times based on the actual or expected price, level, performance or value of one or more Underlying Interests or upon the probability occurrence of a specified credit or other event.

*"Forward"* means an agreement (other than a Future) to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value of one or more Underlying Interests.

*"Future"* means an agreement traded on an exchange, Board of Trade or contract market to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value one or more Underlying Interests.

*"Option Premium"* means the consideration paid (received) for the purchase (sale) of an Option.

*"Financing Premium"* means that the premium cost to acquire or enter into the derivative is paid at the end of the derivative contract or throughout the derivative contract.

*"Swaption"* means an agreement granting the owner the right, but not the obligation, to enter into an underlying swap.

*"Margin Deposit"* means a deposit that a reporting entity is required to maintain with a broker with respect to the Futures Contracts purchased or sold.

**DEFINITION OF NOTIONAL AMOUNT**

The definition below is intended to be a principle for determining notional for all derivative instruments. To the extent a derivative type is not explicitly addressed in a through c, notional should be reported in a manner consistent with this principle.

"Notional amount" is defined as the face value of a financial instrument in a derivatives transaction as of a reporting date, which is used to calculate future payments in the reporting currency. Notional amount may also be referred to as notional value or notional principal amount. The notional amount reported should remain static over the life of a trade unless the instrument is partially unwound or has a contractually amortizing notional. The notional amount shall apply to derivative transactions as follows:

a. For derivative instruments other than futures contracts (e.g., options, swaps, forwards), the notional amount is either the amount to which interest rates are applied in order to calculate periodic payment obligations or the amount of the contract value used to determine the cash obligations. Non-U.S. dollar contracts must be multiplied or divided by the appropriate inception foreign currency rate.

b. For futures contracts, with a U.S. dollar-denominated contract size (e.g., Treasury note and bond contracts, Eurodollar futures) or underlying, the notional amount is the number of contracts at the reporting date multiplied by the contract size (value of one point multiplied by par value).

c. For equity index and similar futures, the number of contracts at the reporting date is multiplied by the value of one point multiplied by the transaction price. Non-U.S. dollar contract prices must be multiplied or divided by the appropriate inception foreign currency rate.

## GENERAL INSTRUCTIONS FOR SCHEDULE DB

Each derivative instrument should be reported in Parts A, B or C according to the nature of the instrument, as follows:

Part A: Positions in Options*, Caps, Floors, Collars, Swaps, and Forwards**

Part B: Positions in Futures Contracts

Part C: Positions in Replication (Synthetic Asset) Transaction

* Warrants acquired in conjunction with public or private debt or equity that are more appropriately reported in other schedules do not have to be reported in Schedule DB.

** Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date or a private placement six months after the commitment date) should be disclosed in the Notes to Financial Statements, rather than on Schedule DB.

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where the reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

The reporting entity may be required to demonstrate the intended hedging characteristics under state statute in order to report in this derivative "Hedge Other" category.

The fair value is the value at which the instrument(s) could be exchanged in a current transaction. Amortized or book/adjusted carrying values should not be substituted for fair value. Public market quotes are the best indication of fair value. The reporting entity should document the determination of fair value.

Part D should be used to report the counterparty exposure (i.e., the exposure to credit risk on derivative instruments) to each counterparty (or guarantor, as appropriate).

Derivatives shall be shown gross when reported in the Schedule DB. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

## SCHEDULE DB – PART A
## SECTIONS 1 AND 2

## GENERAL INSTRUCTIONS

In each section, separate derivative instruments into the following categories:

| Category | Line Number |
|---|---|
| **Purchased Options** | |
| Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 | |
| Call Options and Warrants | 0019999999 |
| Put Options | 0029999999 |
| Caps | 0039999999 |
| Floors | 0049999999 |
| Collars | 0059999999 |
| Other | 0069999999 |
| Subtotal – Hedging Effective | 0079999999 |
| Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108 | |
| Call Options and Warrants | 0089999999 |
| Put Options | 0099999999 |
| Caps | 0109999999 |
| Floors | 0119999999 |
| Collars | 0129999999 |
| Other | 0139999999 |
| Subtotal – Hedging Effective | 0149999999 |
| Hedging Other | |
| Call Options and Warrants | 0159999999 |
| Put Options | 0169999999 |
| Caps | 0179999999 |
| Floors | 0189999999 |
| Collars | 0199999999 |
| Other | 0209999999 |
| Subtotal – Hedging Other | 0219999999 |
| Replications | |
| Call Options and Warrants | 0229999999 |
| Put Options | 0239999999 |
| Caps | 0249999999 |
| Floors | 0259999999 |
| Collars | 0269999999 |
| Other | 0279999999 |
| Subtotal – Replications | 0289999999 |
| Income Generation | |
| Call Options and Warrants | 0299999999 |
| Put Options | 0309999999 |
| Caps | 0319999999 |
| Floors | 0329999999 |
| Collars | 0339999999 |
| Other | 0349999999 |
| Subtotal – Income Generation | 0359999999 |

Other

Call Options and Warrants ........ 0369999999
Put Options ........ 0379999999
Caps ........ 0389999999
Floors ........ 0399999999
Collars ........ 0409999999
Other ........ 0419999999
Subtotal – Other ........ 0429999999

Total Purchased Options

Subtotal – Call Options and Warrants ........ 0439999999
Subtotal – Put Options ........ 0449999999
Subtotal – Caps ........ 0459999999
Subtotal – Floors ........ 0469999999
Subtotal – Collars ........ 0479999999
Subtotal – Other ........ 0489999999
Subtotal – Total Purchased Options ........ 0499999999

Written Options

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108

Call Options and Warrants ........ 0509999999
Put Options ........ 0519999999
Caps ........ 0529999999
Floors ........ 0539999999
Collars ........ 0549999999
Other ........ 0559999999
Subtotal – Hedging Effective ........ 0569999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108

Call Options and Warrants ........ 0579999999
Put Options ........ 0589999999
Caps ........ 0599999999
Floors ........ 0609999999
Collars ........ 0619999999
Other ........ 0629999999
Subtotal – Hedging Effective ........ 0639999999

Hedging Other

Call Options and Warrants ........ 0649999999
Put Options ........ 0659999999
Caps ........ 0669999999
Floors ........ 0679999999
Collars ........ 0689999999
Other ........ 0699999999
Subtotal – Hedging Other ........ 0709999999

Replications

Call Options and Warrants ........ 0719999999
Put Options ........ 0729999999
Caps ........ 0739999999
Floors ........ 0749999999
Collars ........ 0759999999
Other ........ 0769999999
Subtotal – Replications ........ 0779999999

Income Generation

- Call Options and Warrants ... 0789999999
- Put Options ... 0799999999
- Caps ... 0809999999
- Floors ... 0819999999
- Collars ... 0829999999
- Other ... 0839999999
- Subtotal – Income Generation ... 0849999999

Other

- Call Options and Warrants ... 0859999999
- Put Options ... 0869999999
- Caps ... 0879999999
- Floors ... 0889999999
- Collars ... 0899999999
- Other ... 0909999999
- Subtotal – Other ... 0919999999

Total Written Options

- Subtotal – Call Options and Warrants ... 0929999999
- Subtotal – Put Options ... 0939999999
- Subtotal – Caps ... 0949999999
- Subtotal – Floors ... 0959999999
- Subtotal – Collars ... 0969999999
- Subtotal – Other ... 0979999999
- Subtotal – Total Written Options ... 0989999999

Swaps

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108

- Interest Rate ... 0999999999
- Credit Default ... 1009999999
- Foreign Exchange ... 1019999999
- Total Return ... 1029999999
- Other ... 1039999999
- Subtotal – Hedging Effective ... 1049999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108

- Interest Rate ... 1059999999
- Credit Default ... 1069999999
- Foreign Exchange ... 1079999999
- Total Return ... 1089999999
- Other ... 1099999999
- Subtotal – Hedging Effective ... 1109999999

Hedging Other

- Interest Rate ... 1119999999
- Credit Default ... 1129999999
- Foreign Exchange ... 1139999999
- Total Return ... 1149999999
- Other ... 1159999999
- Subtotal – Hedging Other ... 1169999999

Replication

Interest Rate ........ 1179999999
Credit Default ........ 1189999999
Foreign Exchange ........ 1199999999
Total Return ........ 1209999999
Other ........ 1219999999
Subtotal – Replication ........ 1229999999

Income Generation

Interest Rate ........ 1239999999
Credit Default ........ 1249999999
Foreign Exchange ........ 1259999999
Total Return ........ 1269999999
Other ........ 1279999999
Subtotal – Income Generation ........ 1289999999

Other

Interest Rate ........ 1299999999
Credit Default ........ 1309999999
Foreign Exchange ........ 1319999999
Total Return ........ 1329999999
Other ........ 1339999999
Subtotal – Other ........ 1349999999

Total Swaps

Subtotal – Interest Rate ........ 1359999999
Subtotal – Credit Default ........ 1369999999
Subtotal – Foreign Exchange ........ 1379999999
Subtotal – Total Return ........ 1389999999
Subtotal – Other ........ 1399999999
Subtotal – Total Swaps ........ 1409999999

Forwards

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 ........ 1419999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108 ........ 1429999999
Hedging Other ........ 1439999999
Replication ........ 1449999999
Income Generation ........ 1459999999
Other ........ 1469999999
Subtotal – Forwards ........ 1479999999

SSAP No. 108 Adjustments

Offset to VM-21 ........ 1489999999
Recognized and Deferred Assets or Liabilities ........ 1499999999
Subtotal – SSAP No. 108 Adjustments ........ 1509999999

Totals:

Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 ........ 1689999999
Subtotal – Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108 ........ 1699999999
Subtotal – Hedging Other ........ 1709999999
Subtotal – Replication ........ 1719999999
Subtotal – Income Generation ........ 1729999999
Subtotal – Other ........ 1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives ........ 1749999999

Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999) ........ 1759999999

**Definitions:**

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108:

A derivative relationship used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments as described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in *SSAP No. 86—Derivatives*). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Value of One (1) Point:

The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as "Lot Size," "Lots" or "Points" by the exchange.

Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and

2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

Interest rate and currency swaps (where receive/(pay) notional amounts are denominated in different currencies), are filed under the "Foreign Exchange" swap subcategory.

## SCHEDULE DB – PART A – SECTION 1

## OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN DECEMBER 31 OF CURRENT YEAR

Include all options, caps, floors, collars, swaps and forwards owned on December 31 of the current year, including those owned on December 31 of the previous year, and those acquired during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g., CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

For swaptions, include the hedge ID number, the tenor of the option (i.e., time from effective date to maturity date of the option aspect), and the start and end dates of the underlying swap.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 2 – Description of Item(s) Hedged, Used for Income Generation or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, "Bond Portfolio Hedge," "VAGLB Hedge," "Fixed Annuity Hedge," "Investment in Foreign Operations," etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as "GIC Hedge" or "FA Hedge."

For a foreign operations hedge, report as "Net Investment in Foreign Operations."

For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as "Mortgage Loan" and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income-generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 3 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A, B, BA, D Part 1, D Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 4 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: "Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in the footnote listed at the end of this section.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 5 – Exchange, Counterparty or Central Clearinghouse

Show the name, followed by the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, of the exchange, counterparty or central clearinghouse.

If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.

If OTC traded, show the name and the LEI of counterparty and the guarantor upon whose credit the reporting entity relies.

Column 6 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms; e.g., type, maturity, expiration or settlement, and strike price, rate or index.

Column 7 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 8 – Number of Contracts

Show the number of contracts, as applicable (e.g., for exchange-traded derivatives) as an absolute (non-negative) value.

Column 9 – Notional Amount

Show the notional amount. Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

If the replication (synthetic asset) transactions are not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with *SSAP No. 23—Foreign Currency Transactions and Translations*.

Column 10 – Strike Price, Rate or Index Received (Paid)

Show the strike price, rate or index for which payments are received (paid), or an option could be exercised or which would trigger a cash payment to (by) the reporting entity on a derivative.

Forward exchange rate must be stated as: FX Currency per US$ (FX/US$).

For credit derivatives, state "credit event" when the payment is triggered by a standard International Swaps and Derivatives Association (ISDA) defined credit event.

Describe non-standard credit event in footnotes to the annual statement.

For example, for a credit default swap sold at 0.50% per annum, show "0.50 / (credit event)," or for an interest swap with 4.5% received, LIBOR + 0.50% paid, show "4.50 / (L+0.50)."

Column 11 – Cumulative Prior Year(s) Initial Cost of Undiscounted Premium (Received) Paid

For derivatives opened in prior reporting years, show the cumulative, undiscounted, remaining premium or other payment (received) paid since the derivative contract was entered into.

If a derivative has been partially terminated, the terminated portion of the premium is reported in Schedule DB, Part A, Section 2.

Column 12 – Current Year Initial Cost of Undiscounted Premium (Received) Paid

For derivatives opened in the current reporting year or for derivatives in which premiums are paid throughout the derivative contract, show the undiscounted premium or other payment (received) paid in the current year.

Column 13 – Current Year Income

Show the amount of income received (paid), on accrual basis, during the year (excluding the amount entered in Column 11).

If such payments are both received and paid (e.g., interest swaps), show the net amount (excluding taxes).

Column 14 – Book/Adjusted Carrying Value

Represents the statement value with any nonadmitted assets added back.

Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 15 – Code

**Insert *** in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

**Insert #** in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

**Insert @** in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

**Insert ^** in this column if the derivative has unpaid financing premiums.

For Clearly Defined Hedging Strategy (CDHS) instruments applying the provisions of SSAP No. 108:

**Insert $** in this column for derivatives held in an SSAP No. 108 CDHS throughout the current reporting period (or since inception if shorter).

**Insert &** in this column for derivatives repurposed from an SSAP No. 108 CDHS to SSAP No. 86 during the current reporting period.

**Insert !** in this column for derivatives previously held that were designated from SSAP No. 86 to an SSAP No. 108 CDHS during the current reporting period.

**Insert ~** in this column for CDHS hedging instruments removed as the variable annuities derivative program was terminated.

Column 16 – Fair Value

See the Glossary of the NAIC *Accounting Practices and Procedures Manual* for a definition of fair value. For purposes of this column, fair value can be obtained from any one of these sources:

a. A pricing service.

b. An exchange.

c. Broker or custodian quote.

d. Determined by the reporting entity.

Column 17 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

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

These amounts are to be reported as unrealized capital gains/(losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account. For SSAP No. 108 Derivatives, the entire change in fair value shall be initially reported as an unrealized change, with adjustments shown to represent the amounts removed from unrealized and recognized as realized or deferred assets/liabilities under the provisions of SSAP No. 108. The Column 17 summary Total (i.e. Line 1759999999) should reflect only unrealized gains or losses remaining after the Total Adjustments for SSAP No. 108 Derivatives.

Column 18 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative.

The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 19 – Current Year's (Amortization)/Accretion

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 20 – Adjustment to the Carrying Value of Hedged Item

This represents the amortized book/adjusted carrying value used to adjust the basis of the hedged item(s) during the current year.

Column 21 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For collars, swaps other than credit default swaps and forwards, the Potential Exposure = 0.5% x "Notional Amount" x Square Root of (Remaining Years to Maturity).

For credit default swaps, enter the larger of notional amount or maximum potential payment.

For purchased credit default swaps bought for protection, the amount reported will be zero.

If the maximum potential exposure cannot be determined, enter zero and explain in the Notes to Financial Statement.

Disclose in the footnotes to the annual statement any assets, held either as collateral or by third parties that the reporting entity can obtain and liquidate to recover all or a portion of the amounts paid under the derivative.

Column 22 – Credit Quality of Reference Entity

Only applies to credit default swaps (for other derivatives, leave blank)

Disclose:

- NAIC designation of the reference entity; or, if not available, then
- NAIC designation equivalent of the reference entity, if it is CRP rated; or, if not available, then
- The reporting entity's own credit assessment translated into an NAIC designation equivalent with a "*" to indicate that the designation is based on the reporting entity's own internal evaluation of the reference entity's creditworthiness.

For first loss type of basket credit default swaps, use the lowest designation in the basket.

For other types of baskets, or other structures, determine a designation that fairly represents the likelihood of credit losses.

Column 23 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage on December 31 of the current year.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example:

0001 Reduces bond portfolio duration by 0.2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction.
- On December 31st end of the current year.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction, and
- At the end of the current year.

****  Columns 24 through 32 will be electronic only.  ****

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

Whenever possible, fair value should represent the amount of money the reporting entity would receive (pay) in order to close the derivative position at the market price. Fair value should only be determined analytically when the market price-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

"a" For derivatives where the fair value is determined by a pricing service.

"b" For derivatives where the fair value is determined by a stock exchange.

"c" For derivatives where the fair value is determined by a broker or the reporting entity's custodian. To use this method 1) the broker must be approved by the reporting entity as a derivative counterparty; and 2) the reporting entity shall obtain and retain the pricing policy of the broker or custodian that provided the quotations.

"d" For derivatives where the fair value is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

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

Column 25 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

Column 26 – Method of Clearing (C or U)

Indicate whether derivative transaction is cleared through a central clearinghouse with a "C" or not cleared through a centralized clearinghouse with a "U."

Column 27 – Legal Entity Identifier (LEI)

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

****Columns 28 through 32 are for derivatives with financing premiums****

Column 28 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 29 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 30 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 30 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 31 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 32 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

| | |
|---|---|
| Purchased Options | Lines 0089999999 through 0139999999 |
| Written Options | Lines 0579999999 through 0629999999 |
| Swaps | Lines 1059999999 through 1099999999 |
| Forwards | Line 1429999999 |

## SCHEDULE DB – PART A – SECTION 2

## OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS TERMINATED DURING CURRENT YEAR

Include all options, caps, floors, collars, swaps and forwards which were terminated during the current reporting year, both those that were owned on December 31 of the previous reporting year, and those acquired and terminated during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g. CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.
- For derivatives with financing premiums include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 2 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, "Bond Portfolio Hedge," "VAGLB Hedge," "Fixed Annuity Hedge," "Investment in Foreign Operations," etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as "GIC Hedge" or "FA Hedge."

For a foreign operations hedge, report as "Net Investment in Foreign Operations."

For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as "Mortgage Loan" and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income-generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 3 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 4 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: 'Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in the footnote at the end of this section.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 5 – Exchange, Counterparty or Central Clearinghouse

Show the name, followed by the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, for the exchange, counterparty or central clearinghouse.

If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.

If OTC traded, show the name and the LEI of the counterparty and the guarantor upon whose credit the reporting entity relies.

Column 6 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the date of last trade date**,** but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 7 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 8 – Termination Date

Show the date on which the contract/agreement was terminated. Reporting entities may summarize on one line all identical instruments with the same exchange or counterparty, using the latest termination date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 9 – Indicate Exercise, Expiration, Maturity or Sale

Indicate the cause of termination.

Column 10 – Number of Contracts

Show the number of contracts, as applicable (e.g., for exchange-traded derivatives), as an absolute (non-negative) value.

Column 11 – Notional Amount

Show the notional amount. Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

If the replication (synthetic asset) transaction is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with *SSAP No. 23—Foreign Currency Transactions and Translations*.

Column 12 – Strike Price, Rate or Index Received (Paid)

Show the strike price, rate or index for which payments are received (paid), or an option could be exercised, which would trigger a cash payment to (by) the reporting entity on a derivative.

Forward exchange rate must be stated as: FX Currency per US$ (FX/US$).

Column 13 – Cumulative Prior Year(s) Initial Cost of Undiscounted Premium (Received) Paid

For derivatives opened in prior reporting years, show the cumulative, undiscounted, remaining premium or other payment (received) paid since the derivative contract was entered into.

Column 14 – Current Year Initial Cost or Undiscounted Premium (Received) Paid

For derivatives opened in the current reporting year, show the undiscounted premium or other payment (received) paid when the derivative contract was entered into.

Column 15 – Consideration Received (Paid) on Termination

Show the amount of consideration received (paid).

Column 16 – Current Year Income

Show the amount of income received (paid) accrued for the current year.

Column 17 – Book/Adjusted Carrying Value

Represents the statement value with any nonadmitted assets added back.

Refer to *SSAP No. 86—Derivatives* for further discussion.

Column 18 – Code

**Insert *** in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; if the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

**Insert #** in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

**Insert @** in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

**Insert ^** in this column if the derivative has unpaid financing premiums.

For Clearly Defined Hedging Strategy (CDHS) instruments applying the provisions of SSAP No. 108:

> **Insert $** in this column for derivatives held in an SSAP No. 108 CDHS throughout the current reporting period (or since inception if shorter).
>
> **Insert &** in this column for derivatives repurposed from an SSAP No. 108 CDHS to SSAP No. 86 during the current reporting period.
>
> **Insert !** in this column for derivatives previously held that were designated from SSAP No. 86 to an SSAP No. 108 CDHS during the current reporting period.
>
> **Insert ~** in this column for CDHS hedging instruments removed as the variable annuities derivative program was terminated.

Column 19 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 20 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative.

The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.

Column 21 – Current Year's (Amortization)/Accretion

For purposes of this schedule, **positive amounts** should be reported when the change results in an increase to the asset or a decrease to the liability. A **negative amount** should be reported when the change results in a decrease to the asset or an increase to the liability.

Column 22 – Gain (Loss) on Termination – Recognized

This represents gain (loss) on termination that is not deferred or used to adjust basis of hedged items.

This equals consideration received less book/adjusted carrying value at termination.

Column 23 – Adjustment to the Carrying Value of Hedged Item

This represents the gain (loss) on termination that was used to adjust the basis of a hedged item in the current year.

It includes the book/adjusted carrying value of premiums that were allocated to the purchase cost on exercise of an option.

Column 24 – Gain (Loss) on Termination – Deferred

This represents the gain (loss) on termination that was deferred over year-end.

This equals consideration received less book/adjusted carrying value at termination.

Column 25 – Hedge Effectiveness at Inception and at Termination

For hedge transactions show as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by 0.2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

****  Column 26 through 31 will be electronic only.  ****

Column 26 – Legal Entity Identifier (LEI)

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

****Columns 27 through 31 are for derivatives with financing premiums****

Column 27 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 28 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 29 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 29 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 30 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 31 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

| | |
|---|---|
| Purchased Options | Lines 0089999999 through 0139999999 |
| Written Options | Lines 0579999999 through 0629999999 |
| Swaps | Lines 1059999999 through 1099999999 |
| Forwards | Line 1429999999 |

## SCHEDULE DB – PART B
## SECTIONS 1 AND 2

## GENERAL INSTRUCTIONS

In each Section, separate derivative instruments into the following categories:

| Category | Line Number |
|---|---|
| **Long Futures:** | |
| Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 | 1519999999 |
| Hedging Effective – Variable Annuity Guarantees Under SSAP No.108 | 1529999999 |
| Hedging Other | 1539999999 |
| Replication | 1549999999 |
| Income Generation | 1559999999 |
| Other | 1569999999 |
| Subtotal – Long Futures | 1579999999 |
| **Short Futures:** | |
| Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 | 1589999999 |
| Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108 | 1599999999 |
| Hedging Other | 1609999999 |
| Replication | 1619999999 |
| Income Generation | 1629999999 |
| Other | 1639999999 |
| Subtotal – Short Futures | 1649999999 |
| **SSAP No. 108 Adjustments** | |
| Offset to VM-21 | 1659999999 |
| Recognized and Deferred Assets or Liabilities | 1669999999 |
| Subtotal – SSAP No. 108 Adjustments | 1679999999 |
| **Totals:** | |
| Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108 | 1689999999 |
| Subtotal – Hedging Effective – Variable Annuity Guarantees Under SSAP No. 108 | 1699999999 |
| Subtotal – Hedging Other | 1709999999 |
| Subtotal – Replication | 1719999999 |
| Subtotal – Income Generation | 1729999999 |
| Subtotal – Other | 1739999999 |
| Subtotal – Adjustments for SSAP No. 108 Derivatives | 1749999999 |
| Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999) | 1759999999 |

**Definitions:**

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No. 108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

Hedging Effective –Variable Annuity Guarantees Under SSAP No. 108:

A derivative relationship used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective, (2) Hedging Other, (3) Replication, or (4) Income Generation definition listed above or referenced in *SSAP No. 86—Derivatives*. When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements

Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and

2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

## SCHEDULE DB – PART B – SECTION 1

## FUTURES CONTRACTS OPEN DECEMBER 31 OF CURRENT YEAR

Include all futures contracts positions open December 31 of current year, including those which were open on December 31 of previous year, and those acquired during current year.

In the Broker Name/Net Cash Deposits footnote, list, in alphabetical sequence, brokers with whom cash deposits have been made, cumulative changes made to the deposits and the beginning and ending cash balances.

Column 1 – Ticker Symbol

If traded on an exchange, disclose the ticker symbol.

Column 2 – Number of Contracts

Show the total number of contracts open on Dec. 31 of the reporting year as absolute (non-negative) value.

Column 3 – Notional Amount

Show the total notional amount of the futures position on Dec. 31 of the reporting year as absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 5 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, "Bond Portfolio Hedge," "VAGLB Hedge," "Fixed Annuity Hedge," "Investment in Foreign Operations," etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as "GIC Hedge" or "FA Hedge."

For a foreign operations hedge, report as "Net Investment in Foreign Operations." For annuity hedging, describe whether hedging fixed or variable annuities.

If hedging a specific mortgage loan asset, report as "Mortgage Loan" and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 6 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D Part 1; D, Part 2 Section 1; or D, Part 2, Section 2, if appropriate. Otherwise "N/A."

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 7 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: "Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in a footnote listed in this Schedule.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 8 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 9 – Exchange

Show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, for the exchange on which the contract was transacted.

Column 10 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 11 – Transaction Price

Show the price at which the futures contract was originally purchased or sold.

If several positions of the same futures contract are summarized, show the weighted average price.

Column 12 – Reporting Date Price

Show the reporting date closing price. Report price as published by the exchange.

Column 13 – Fair Value

Report the net unsettled futures position from the time lag (typically one day with U.S. futures brokers) between the change in the cumulative variation margin (Columns 15 and 18) and the actual settlement with the futures brokers.

This represents the pending cash settlement of the futures position.

Column 14 – Book/Adjusted Carrying Value

Represents the statement value of the futures position, with any nonadmitted assets added back, and is determined based on how the futures contract is being used, in accordance with *SSAP No. 86—Derivatives*.

Note that any cash deposits placed with the broker are included in the Broker Name/Net Cash Deposits footnote only and not in the Book/Adjusted Carrying Value.

Column 15 – Highly Effective Hedges – Cumulative Variation Margin

On long contracts, show the number of contracts (Column 2) times the difference between the reporting date price (Column 12) and transaction price (Column 11) times the futures value of one (1) point (Column 22).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the reporting date price (Column 12) times the futures value of one (1) point (Column 22).

An exception is that this column would not be populated for highly effective futures of forecasted transaction or firm commitments.

Column 16 – Highly Effective Hedges – Deferred Variation Margin

This represents the variation margin that has been deferred and therefore not recognized as an unrealized or realized gain (loss) or as investment income.

Note: If the entire amount of the variation margin was deferred, the amount reported will be the same as is reported in Column 15.

Column 17 – Highly Effective Hedges – Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item

This represents the variation margin used in the current year to adjust the basis of a hedged item.

Column 18 – Cumulative Variation Margin for All Other Hedges

On long contracts, show the number of contracts (Column 2) times the difference between the reporting date price (Column 12) and transaction price (Column 11) times the futures value of one (1) point (Column 22).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the reporting date price (Column 12) times the futures value of one (1) point (Column 22).

Column 19 – Change in Variation Margin Gain (Loss) Recognized in Current Year

This represents the variation margin recognized as an unrealized or realized gain (loss) or as investment income for the year.

This column will be populated for highly effective futures hedging at fair value and All Other futures.

This column will not be populated for highly effective futures hedging at amortized cost.

Column 20 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For futures, the Potential Exposure = (Initial Margin per contract on the valuation date, set by the exchange on which contract trades) x (the number of contracts open on the valuation date).

Column 21 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show, as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage at reporting date.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by 0.2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.

Column 22 – Value of One (1) Point

This represents the monetary value of a one (1) point move in a futures position published by the exchange. This monetary value of one (1) point is utilized in the calculation of the futures' variation margin.

**** Columns 23 through 30 will be electronic only. ****

Column 23 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

Column 24 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

Column 25 – Legal Entity Identifier (LEI)

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

****Columns 26 through 30 are for derivatives with financing premiums****

Column 26 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 27 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 28 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in Column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in Column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in Column 28 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 29 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in Column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 30 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

| | |
|---|---|
| Long Futures | Line 1529999999 |
| Short Futures | Line 1599999999 |

## SCHEDULE DB – PART B – SECTION 2

## FUTURES CONTRACTS TERMINATED DURING CURRENT YEAR

Include all futures contracts which were terminated during current reporting year, both those that were open on December 31 of previous reporting year, and those acquired and terminated during current year.

Column 1 – Ticker Symbol

If traded on an exchange, disclose the ticker symbol.

Column 2 – Number of Contracts

The number of futures contracts terminated during the current year as absolute (non-negative) value.

Column 3 – Notional Amount

Show the total notional amount of the futures position terminated during the current year as absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and *SSAP No. 86—Derivatives*.

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Do not use internal descriptions or identifiers unless provided as supplemental information.

Column 5 – Description of Item(s) Hedged, Used for Income Generation, or Replicated

Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Fixed Annuity Hedge,” “Investment in Foreign Operations,” etc.

If hedging a specific bond, report the CUSIP and a complete and accurate description of the bond; if multiple CUSIPs, note that there are multiple CUSIPs and report the equity ticker or name of the ultimate parent, as applicable.

If hedging a guaranteed investment contract or funding agreement, report as “GIC Hedge” or “FA Hedge.”

If hedging a specific mortgage loan asset, report as “Mortgage Loan” and provide the corresponding loan number reported on Schedule B, Part 1, Column 1.

Describe the assets against which derivatives are written in income generation transactions.

If a replication, report the RSAT Number and Description of the RSAT (Columns 1 and 2 from Schedule DB, Part C, Section 1).

Column 6 – Schedule/Exhibit Identifier

Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise “N/A.”

Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.

Column 7 – Type(s) of Risk(s)

Identify the type(s) of risk(s) being hedged: "Interest Rate," "Credit," "Duration," "Currency," "Equity/Index," "Commodity" or, if reporting other risks, provide a description of the risk within the field or in a footnote listed in this Schedule.

If footnoted, please enter a reference code in this column (e.g., a, b, c, etc.) then disclose the description of the risk in Schedule DB footnotes for each reference code used in the schedule.

In the event there is more than one type of risk, use the most relevant risk.

Column 8 – Date of Maturity or Expiration

Show the date of maturity or expiration of the derivative, as appropriate.

Column 9 – Exchange

Show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, for the exchange on which the contract was transacted.

Column 10 – Trade Date

Show the trade date of the original transaction.

The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 11 – Transaction Price

Show the original transaction price (the price at which the futures were purchased or sold).

If several positions of the same futures contract are summarized, show the weighted average price.

Column 12 – Termination Date

Show the date when the derivative position was terminated.

The reporting entity may summarize on one line all identical instruments with the same exchange or counterparty, using the latest termination date.

Column 13 – Termination Price

The price at which the position was closed.

Column 14 – Indicate Exercise, Expiration, Maturity or Sale

Indicate the cause of termination.

Column 15 – Cumulative Variation Margin at Termination

On long contracts, show the number of contracts (Column 2) times the difference between the termination price (Column 13) and transaction price (Column 11) times the futures value of one (1) point (Column 20).

On short contracts, show the number of contracts (Column 2) times the difference between the transaction price (Column 11) and the termination price (Column 13) times the futures value of one (1) point (Column 20).

Column 16 – Change in Variation Margin Gain (Loss) Recognized in Current Year

This represents the variation margin recognized as realized gains (losses), or as investment income in the current year.

Column 17 – Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item in Current Year

This represents the amount of gains (losses) used to adjust the basis of a hedged item in the current year.

Column 18 – Change in Variation Margin Deferred

This represents the variation margin that has been deferred and, therefore, not recognized as an unrealized or realized gain (loss) or as investment income.

Column 19 – Hedge Effectiveness at Inception and at Termination

For hedge transactions, show as a percentage expressed as (XX / YY), where "XX" shows the hedge effectiveness percentage at inception and "YY" shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as "100 / 95."

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by 0.2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP No. 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

Column 20 – Value of One (1) Point

This represents the monetary value of a one (1) point move in a futures position published by the exchange.

This monetary value of one (1) point is utilized in the calculation of the futures' variation margin.

**** Column 21 through 26 will be electronic only. ****

Column 21 – Legal Entity Identifier (LEI)

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

****Columns 22 through 26 are for derivatives with financing premiums****

Column 22 – Total Undiscounted Premium Cost

Report the total, undiscounted (contractual) cost to acquire/enter into the derivative.

Column 23 – Unpaid Undiscounted Premium Cost

Report the undiscounted (contractual) cost to acquire/enter into the derivative unpaid by the reporting entity.

Column 24 – Fair Value of Derivative, Excluding Impact of Financing Premiums

Reflect the fair value of the derivative adjusted to exclude the impact of discounted future settled premiums. For example, if the fair value of the derivative reported in column 16 has been reduced due to expected cash outflows representing the reporting entity's future payment of financing premiums, the consideration of those future premium cash outflows shall be removed from the reported fair value of the derivative captured in this column.

(At acquisition, a derivative may be reported with a net zero fair value in column 16 as the value of the derivative and the net present value of future financing premiums owed from the acquisition of the derivative may offset. The fair value reported in column 30 shall reflect the fair value of the derivative without an offset for the future financing premiums.)

Column 25 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums

Reflect the unrealized gain or unrealized loss reported for the derivative adjusted to exclude the impact from discounted future settled premiums. For example, if the valuation increase/valuation decrease reported in column 17 includes "losses" to recognize the net present value of the financing cost owed by the reporting entity, those "losses" shall be removed from the unrealized valuation increase/decrease reflected in this column.

Column 26 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

| | |
|---|---|
| Long Futures | Line 1529999999 |
| Short Futures | Line 1599999999 |

## SCHEDULE DB – PART D – SECTION 1

## COUNTERPARTY EXPOSURE FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Counterparty Exposure to any one counterparty is the exposure to credit risk associated with the use of derivative instruments with that counterparty. This section displays the Book/Adjusted Carrying Value exposure and Fair Value exposure to each counterparty, net of collateral. Also displayed is the total potential exposure for each counterparty for Schedule DB, Parts A and B.

On the first line, show the aggregate sum for exchange traded derivatives, also known as listed derivatives or futures (Line 0199999999). (Exchange-Traded Derivatives are executed over a centralized trading venue known as an exchange and then booked with a central counterparty known as a clearing house.)

On the next six lines, show separately six groups of OTC (over-the-counter) derivative counterparties by NAIC Designation (Lines 0299999999 through 0799999999). Within each group, list the counterparties or central clearinghouses in alphabetical order.

Then show the aggregate sum for centrally cleared derivatives (Line 0899999999). This line is used to show centrally cleared derivatives that are not considered exchange-traded.

The final line will show a total of all derivatives listed in the lines above (Line 0999999999).

For each counterparty with a master agreement, show on a second line, if applicable, totals for derivative instruments not covered by the master agreement.

Use additional lines, as needed, if multiple master agreements with the counterparty exist that do not provide for netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults.

Show subtotals for each group.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Aggregate Sum of Exchange-Traded Derivatives ........................................ 0199999999

Over-The-Counter

Total NAIC 1 Designation ........................................ 0299999999

Total NAIC 2 Designation ........................................ 0399999999

Total NAIC 3 Designation ........................................ 0499999999

Total NAIC 4 Designation ........................................ 0599999999

Total NAIC 5 Designation ........................................ 0699999999

Total NAIC 6 Designation ........................................ 0799999999

Aggregate Sum of Central Clearinghouses (Excluding Exchange-Traded) ........................................ 0899999999

Total (Sum of 0199999999, 0299999999, 0399999999, 0499999999, 0599999999, 0699999999, 0799999999 and 0899999999) ........................................ 0999999999

Column 1 – Description of Exchange, Counterparty or Central Clearinghouse

The first line (Line 0199999999) for the Aggregate Sum of Exchange-Traded Derivatives should be left blank.

On subsequent lines, show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, for the counterparty or central clearinghouse.

Include the name and the LEI of the central clearinghouse and the derivatives clearing member, where appropriate.

Column 2 – Master Agreement (Y or N)

The lines for the Aggregate Sum of Exchange-Traded Derivatives (Line 0199999999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999999) should be left blank.

For OTC counterparties, indicate "Y" if:

1. The reporting entity has a written International Swaps and Derivatives Association (ISDA) master agreement with the counterparty that provides for the netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults, or if such netting provisions of an ISDA master agreement are either incorporated by reference in transaction confirmations or are otherwise contractual provisions to which derivative instrument confirmations with the counterparty are subject, or if the reporting entity has a written non-ISDA master agreement with the counterparty that provides for the netting of offsetting amounts or the right of offset by the reporting entity against the counterparty upon termination in the event that the counterparty defaults; and

2. The domiciliary jurisdiction of such counterparty is either within the United States or if not within the United States, is within a foreign (non-United States) jurisdiction listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as eligible for netting.

Column 3 – Credit Support Annex (Y or N)

The lines for the Aggregate Sum of Exchange-Traded Derivatives (Line 0199999999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999999) should be left blank.

For OTC counterparties, indicate "Y" if:

The reporting entity has an additional annex to the International Swaps and Derivatives Association (ISDA) master agreement called a Credit Support Annex (CSA). The CSA agreement with the counterparty provides functionality of collateral postings against net counterparty exposure in excess of a threshold amount. This limits the net exposure the reporting entity has to a derivative counterparty in the event of a counterparty default.

Column 4 – Fair Value of Acceptable Collateral

Leave blank for the aggregate reporting of Exchange-Traded Derivatives (Line 0199999999).

For OTC counterparties, show the Fair Value of acceptable collateral pledged by the counterparty.

For central clearinghouses, this amount would be the net positive variation margin received by the reporting entity.

"Acceptable collateral" means cash, cash equivalents, securities issued or guaranteed by the United States or Canadian governments or their government-sponsored enterprises, letters of credit, publicly traded obligations designated 1 by the SVO, government money market mutual funds, and such other items as may be defined as acceptable collateral in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. For purposes of this definition, the term "letter of credit" means a clean, irrevocable and unconditional letter of credit issued or confirmed by, and payable and presentable at, a financial institution on the list of financial institutions meeting the standards for issuing such letter of credit published pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. The letter of credit must have an expiration date beyond the term of the subject transaction.

For Columns 5 and 6, Book/Adjusted Carrying Values that are debit balances on the balance sheet are positive numbers; those that are credit balances are negative numbers.

Column 5 – Contracts with Book/Adjusted Carrying Value > 0 (i.e., debit balance on balance sheet)

On the first line, show the aggregate sum for exchange traded derivatives that have a positive Book/Adjusted Carrying Value.

For futures, this equals the sum of the positive cumulative variation margin for highly effective futures (Part B, Section 1, Column 15), plus the sum of the ending balance of all cash deposits with brokers (Part B, Section 1, Broker Name/Net Cash Deposits Footnote – Ending Cash Balance).

On subsequent lines, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty or central clearinghouse that have a positive Book/Adjusted Carrying Value.

Column 6 – Contracts with Book/Adjusted Carrying Value < 0 (i.e., credit balance on balance sheet)

On the first line, show the sum of the Book/Adjusted Carrying Values in parentheses ( ) of all exchange traded derivatives that have a negative Book/Adjusted Carrying Value.

For futures, this equals the sum of the negative cumulative variation margin for highly effective futures (Part B, Section 1, Column 15).

On subsequent lines, show the sum of the Book/Adjusted Carrying Values in parentheses ( ) of all derivative instruments with the counterparty or central clearinghouse that have a negative Book/Adjusted Carrying Value.

Column 7 – Exposure Net of Collateral (Book/Adjusted Carrying Value)

For the aggregate reporting of Exchange-Traded Derivatives (Line 0199999999), show the amount in Column 5.

For OTC counterparties, if no master agreement is in place, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty that has a positive Book/Adjusted Carrying Value, less any Acceptable Collateral (Column 5 – Column 4).

For OTC counterparties with a master agreement in place and central clearinghouses, show the net sum of the Book/Adjusted Carrying Values of all derivative instruments, less any acceptable collateral (Column 5 + Column 6 – Column 4).

This amount should not be less than zero.

For Columns 8 and 9, market values that would be debit balances on the balance sheet are positive numbers; those that would be credit balances are negative numbers.

Column 8 – Contracts with Fair Value > 0 (i.e., debit balance on the balance sheet)

Show the sum of the market values of all derivative instruments that have a positive market value.

Column 9 – Contracts with Fair Value < 0 (i.e., credit balance on the balance sheet)

Show the sum of the market values in parentheses ( ) of all derivative instruments that have a negative market value.

Column 10 – Exposure Net of Collateral (Fair Value)

For the aggregate reporting of Exchange-Traded Derivatives (Line 0199999999), show the amounts in Column 8.

For OTC counterparties, if no master agreement is in place, show the sum of the market values of all derivative instruments with the counterparty that has a positive market value, less any acceptable collateral (Column 8 – Column 4).

For OTC counterparties with a master agreement in place, exchange-traded derivatives and central clearinghouses show the net sum of the market values of all derivative instruments, less any acceptable collateral (Column 8 + Column 9 – Column 4).

This amount should not be less than zero.

Column 11 – Potential Exposure

Show the potential exposure for Parts A and B for Exchange-Traded Derivatives in aggregate (Line 0199999999) and for each OTC counterparty and central clearinghouse.

Column 12 – Off–Balance Sheet Exposure

For Exchange-Traded Derivatives (Line 0199999999), show Column 11.

For central clearinghouses:

Show [Column 5 + Column 6 – Column 4 + Column 11] – Column 7 but not less than zero.

For OTC counterparties:

If Column 2 = yes; show [Column 5 + Column 6 – Column 4 + Column 11] – Column 7 but not less than zero.

If Column 2 = no; show Column 11.

Optional: If there is no master netting agreement, companies may still encounter double-counting in cases where a premium is received for an off-balance sheet derivative transaction, such as an interest rate swap. In such cases, report "no" in Column 2 and calculate off-balance sheet exposure on a contract-by-contract basis using the first formula.

**** Column 13 will be electronic only. ****

Column 13 – Legal Entity Identifier (LEI)

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

## SCHEDULE DB – PART D – SECTION 2

## COLLATERAL FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Under derivative contracts, collateral may be pledged to exchanges, counterparties, clearing brokers or central clearinghouses by the reporting entity as well as pledged by the exchanges, counterparties, clearing brokers or central clearinghouses to the reporting entity. This section displays the collateral pledged by the reporting entity in the first table and the collateral pledged to the reporting entity in the second table.

Each exchange, counterparty, derivatives clearing member or central clearinghouse may be listed more than once in each of the tables. For example, if initial and variation margin are posted at the same exchange; if more than one type of security is pledged to the same counterparty; if more than one corporate bond is pledged by a central clearinghouse; etc.

Total Collateral Pledged by Reporting Entity .......... 0199999999

Total Collateral Pledged to Reporting Entity .......... 0299999999

Column 1 – Exchange, Counterparty or Central Clearinghouse

Show the name and the Commodity Futures Trading Commission's Legal Entity Identifier (LEI), if a LEI number has been assigned, for the exchange, Board of Trade, contract market, counterparty, derivatives clearing member or central clearinghouse that is holding collateral pledged by the reporting entity or that has pledged collateral to the reporting entity.

Column 2 – Type of Asset Pledged

Describe the type of asset pledged or received as collateral. For example, "Cash," "Treasury," "Corporate," "Municipal," "Loan-backed and Structured," "Mortgage" and "Other."

Column 3 – CUSIP Identification

Enter the CUSIP/PPN/CINS number of the asset pledged or received as collateral, when appropriate. If no CUSIP/PPN/CINS number exists, the field should be zero-filled.

Column 4 – Description

Give a complete and accurate description of the asset pledged or received as collateral, including coupon when appropriate.

Column 5 – Fair Value

Enter the fair value of the asset. Refer to *SSAP No. 100R—Fair Value* for further discussion.

Column 6 – Par Value

Enter the par value of the asset adjusted for repayment of principal.

Column 7 – Book/Adjusted Carrying Value

Report the amortized value or the lower of amortized value or fair value, depending on the designation of the asset (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

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

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

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value of a bond that is other-than-temporary.

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

Accrued interest.

Book/Adjusted Carrying Value does not apply to collateral pledged to a reporting entity in which there has not been a default (i.e., Off-Balance Sheet Collateral).

Column 8 – Maturity Date

Enter the maturity date of the asset, when appropriate.

Column 9 – Type of Margin (I, V or IV)

**Enter "I" for initial margin** for assets that have been pledged or received by the reporting entity as initial margin.

**Enter "V" for variation margin** for assets that have been pledged or received by the reporting entity as variation margin.

**Enter "IV" for both initial and variation margin** for assets that have been pledged or received by the reporting entity as initial and variation margin.

**** Column 10 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

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

## SCHEDULE DB – PART E

## Derivatives Hedging Variable Annuity Guarantees as of December 31 of Current Year

(This schedule is specific for the derivatives and the hedging programs captured in SSAP No. 108.)

See *SSAP No. 108—Derivatives Hedging Variable Annuities Guarantees* for additional accounting guidance.

Column 1 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the SSAP No. 108 CDHS in Column 32 of Schedule DB, Part A, Section 1; Column 31 of Schedule DB, Part A, Section 2; Column 30 of Schedule DB, Part B, Section 1; and Column 26 of Schedule DB, Part B, Section 2.

Column 2 – CDHS Description

Provide a description for each uniquely identified CDHS.

Column 3 – Prior Fair Value in Full Contract Cash Flows Attributed to Interest Rates

Prior period full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 4 – Ending Fair Value in Full Contract Cash Flows Attributed to Interest Rates

Current period full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 5 – Fair Value Gains (Loss) in Full Contract Cash Flows Attributed to Interest Rates

Change in full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 6 – Fair Value Gain (Loss) in Hedged Item Attributed to Hedged Risk

Change in fair value attributable to hedged risk per SSAP No. 108.

Column 7 – Current Year Increase (Decrease) in VM-21 Liability

VM-21 liability increase (decrease) from beginning of period to end of period.

Column 8 – Current Year Increase (Decrease) in VM-21 Liability Attributed to Interest Rates

VM-21 liability increase (decrease) attributable to interest rate movements.

Column 9 – Change in the Hedged Item Attributed to Hedged Risk Percentage

Change in fair value attributed to hedged risk as a percentage of the change in full contract fair value per SSAP No. 108.

Column 10 – Current Year Increase (Decrease) in VM-21 Liability Attributed to Hedged Risk

VM-21 liability increase (decrease) attributed to hedged risk.

Column 11 – Prior Deferred Balance

Specific CDHS deferred liability (asset) balance at end of prior reporting period.

Column 12 – Current Year Fair Value Fluctuation of the Hedge Instruments

Current year total return Fair Value fluctuations in the hedging instruments per SSAP No. 108.

Column 13 – Current Year Natural Offset to VM-21 Liability

Current year hedging instruments' total return Fair Value fluctuations that offset the current period change in the designated portion of the VM-21 liability.

Column 14 – Hedging Instruments' Current Fair Value Fluctuation Not Attributed to Hedged Risk

Current year hedging instruments' total return Fair Value fluctuations not attributable to hedged risk per SSAP No. 108.

Column 15 – Hedge Gain (Loss) in Current Year Deferred Adjustment

Current year hedging instruments' total return Fair Value fluctuations that do not offset the current period change in the designated portion of the VM-21 liability (recognized as deferred liabilities/(assets) per SSAP No. 108).

Column 16 – Current Year Prescribed Deferred Amortization

Current year deferred (liability)/asset amortization into realized gains/losses (straight line over a period not to exceed 10 years per SSAP No. 108).

Column 17 – Current Year Additional Deferred Amortization

Current year deferred (liability)/asset accelerated amortization elected by the reporting entity per SSAP No. 108.

Column 18 – Current Year Total Deferred Amortization

Total current year deferred (liability)/asset amortization into realized gains/losses.

Column 19 – Ending Deferred Balance

Specific CDHS Deferred Liability (Asset) balance at end of current reporting period.

Schedule DL

## SCHEDULE DL – PART 1

## SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets reported in aggregate on Line 10 of the asset page
and not included on Schedules A, B, BA, D, DB and E.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent (i.e., collateral is received by the reporting entity's unaffiliated agent that can be resold or repledged). These securities will be reported in aggregate on the Assets page, Line 10.

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10 or reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E), but not both.

Reinvested collateral assets reported on Schedule DL, Part 1 are excluded from other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

**Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, which are described in the Investment Schedules General Instructions**, are to be included in SVO Identified Funds.

**If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:**

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

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

| Category | Line Number |
|---|---|
| Bonds (Schedule D, Part 1 type): | |
| U.S. Governments | |
| Issuer Obligations | 0199999 |
| Residential Mortgage-Backed Securities | 0299999 |
| Commercial Mortgage-Backed Securities | 0399999 |
| Other Loan-Backed and Structured Securities | 0499999 |
| Subtotals – U.S. Governments | 0599999 |
| All Other Governments | |
| Issuer Obligations | 0699999 |
| Residential Mortgage-Backed Securities | 0799999 |
| Commercial Mortgage-Backed Securities | 0899999 |
| Other Loan-Backed and Structured Securities | 0999999 |
| Subtotals – All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | |
| Issuer Obligations | 1199999 |
| Residential Mortgage-Backed Securities | 1299999 |
| Commercial Mortgage-Backed Securities | 1399999 |
| Other Loan-Backed and Structured Securities | 1499999 |
| Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |
| U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | |
| Issuer Obligations | 1899999 |
| Residential Mortgage-Backed Securities | 1999999 |
| Commercial Mortgage-Backed Securities | 2099999 |
| Other Loan-Backed and Structured Securities | 2199999 |
| Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | |
| Issuer Obligations | 2599999 |
| Residential Mortgage-Backed Securities | 2699999 |
| Commercial Mortgage-Backed Securities | 2799999 |
| Other Loan-Backed and Structured Securities | 2899999 |
| Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |
| Industrial and Miscellaneous (Unaffiliated) | |
| Issuer Obligations | 3299999 |
| Residential Mortgage-Backed Securities | 3399999 |
| Commercial Mortgage-Backed Securities | 3499999 |
| Other Loan-Backed and Structured Securities | 3599999 |
| Subtotals – Industrial and Miscellaneous (Unaffiliated) | 3899999 |

Hybrid Securities

Issuer Obligations.......... 4299999
Residential Mortgage-Backed Securities .......... 4399999
Commercial Mortgage-Backed Securities.......... 4499999
Other Loan-Backed and Structured Securities .......... 4599999
Subtotals – Hybrid Securities .......... 4899999

Parent, Subsidiaries and Affiliates

Issuer Obligations.......... 4999999
Residential Mortgage-Backed Securities .......... 5099999
Commercial Mortgage-Backed Securities.......... 5199999
Other Loan-Backed and Structured Securities .......... 5299999
Affiliated Bank Loans – Issued .......... 5399999
Affiliated Bank Loans – Acquired .......... 5499999
Subtotals – Parent, Subsidiaries and Affiliates.......... 5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO.......... 5799999
Bond Mutual Funds – as Identified by the SVO .......... 5899999
Subtotals – SVO Identified Funds.......... 5999999

Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued .......... 6099999
Unaffiliated Bank Loans – Acquired.......... 6199999
Subtotals – Unaffiliated Bank Loans.......... 6299999

Total Bonds

Subtotals – Issuer Obligations.......... 6399999
Subtotals – Residential Mortgage-Backed Securities.......... 6499999
Subtotals – Commercial Mortgage-Backed Securities.......... 6599999
Subtotals – Other Loan-Backed and Structured Securities .......... 6699999
Subtotals – SVO Identified Funds.......... 6799999
Subtotals – Affiliated Bank Loans .......... 6899999
Subtotals – Unaffiliated Bank Loans.......... 6999999
Subtotals – Total Bonds .......... 7099999

Stocks:

Preferred Stocks (Schedule D, Part 2, Section 1 type):

Industrial and Miscellaneous (Unaffiliated) Perpetual and Redeemable Preferred.......... 7199999
Parent, Subsidiaries and Affiliates Perpetual and Redeemable Preferred .......... 7299999
Total Preferred Stocks.......... 7399999

Common Stocks (Schedule D, Part 2, Section 2 type):

Industrial and Miscellaneous (Unaffiliated).......... 7499999
Parent, Subsidiaries and Affiliates .......... 7599999
Mutual Funds .......... 7699999
Unit Investment Trusts.......... 7799999
Closed-End Funds .......... 7899999
Total Common Stocks.......... 7999999

Total Preferred and Common Stocks.......... 8099999

| | |
|---|---|
| Real Estate (Schedule A type) | 8699999 |
| Mortgage Loans on Real Estate (Schedule B type) | 8799999 |
| Other Invested Assets (Schedule BA type) | 8899999 |
| Short-Term Invested Assets (Schedule DA, Part 1 type) | 8999999 |
| Cash (Schedule E, Part 1 type) | 9099999 |
| Cash Equivalents (Schedule E, Part 2 type) | 9199999 |
| Other Assets | 9299999 |
| Totals | 9999999 |

Column 1 – CUSIP Identification

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

For Lines 0199999 through 7999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column 11).

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

| | |
|---|---|
| Lines 0199999 through 7099999 | Schedule D, Part 1, Column 1 |
| Lines 7199999 through 7399999 | Schedule D, Part 2, Section 1, Column 1 |
| Lines 7499999 through 7999999 | Schedule D, Part 2, Section 2, Column 1 |
| Line 8899999 | Schedule BA, Part 1, Column 1 |
| Line 9199999 | Schedule E, Part 2, Column 1 |

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

| | |
|---|---|
| Real Estate (Schedule A type) | 8699999 |
| Mortgage Loans on Real Estate (Schedule B type) | 8799999 |
| Short-Term Invested Assets (Schedule DA, Part 1 type) | 8999999 |
| Cash (Schedule E, Part 1 type) | 9099999 |
| Other Assets | 9299999 |

Column 2 – Description

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

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter complete name of the fund.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

**<u>Separate Account Filing Only:</u>**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

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

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

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 6
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 20
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 17
Line 8899999 .............................................. Schedule BA, Part 1, Column 7
Line 8999999 .............................................. Schedule DA, Part 1, Column 22
Line 9199999 .............................................. Schedule E, Part 2, Column 11

For Lines 8699999, 8799999, , 9099999 and 9299999, the column should be left blank.

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

- NAIC Designation Column 4A
- NAIC Designation Modifier Column 4B
- SVO Administrative Symbol Column 4C

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

Column 5 – Fair Value

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

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 9
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 10
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 8
Line 8699999 .............................................. Schedule A, Part 1, Column 10
Line 8799999 .............................................. FV of the underlying collateral Schedule B, Part 1
Line 8899999 .............................................. Schedule BA, Part 1, Column 11

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

Line 8999999 .............................................. Report BACV, Schedule DA, Part 1, Column 7
Line 9099999 .............................................. Report Balance, Schedule E Part 1, Column 6
Line 9199999 .............................................. Report BACV, Schedule E Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

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

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 11
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 8
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 6
Line 8699999 .............................................. Schedule A, Part 1, Column 9
Line 8799999 .............................................. Schedule B, Part 1, Column 8
Line 8899999 .............................................. Schedule BA, Part 1, Column 12
Line 8999999 .............................................. Schedule DA, Part 1, Column 7
Line 9099999 .............................................. Report Balance, Schedule E, Part 1, Column 6
Line 9199999 .............................................. Schedule E, Part 2, Column 7

Column 7 – Maturity Date

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

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 22
Line 8999999 .............................................. Schedule DA, Part 1, Column 6
Line 9199999 .............................................. Schedule E, Part 2, Column 6

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

7199999 through 7399999 ........................... Preferred Stock (Schedule D, Part 2, Section 1 type)
7499999 through 7999999 ........................... Common Stock (Schedule D, Part 2, Section 2 type)
8699999 ...................................................... Real Estate (Schedule A type)
8799999 ...................................................... Mortgage Loans on Real Estate (Schedule B type)
8899999 ...................................................... Other Invested Assets (Schedule BA type)
9299999 ...................................................... Other Assets

****  Columns 8 through 11 will be electronic only.  ****

Column 8 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

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

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

Column 9 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

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

Column 10 – Legal Entity Identifier (LEI)

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

Column 11 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

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

Lines 0199999 through 7099999 .................................. Schedule D, Part 1, Column 1
Lines 7199999 through 7399999 .................................. Schedule D, Part 2, Section 1, Column 1
Lines 7499999 through 7999999 .................................. Schedule D, Part 2, Section 2, Column 1

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

Real Estate (Schedule A type) .................................... 8699999
Mortgage Loans on Real Estate (Schedule B type).................... 8799999
Other Invested Assets (Schedule BA type) .......................... 8899999
Short-Term Invested Assets (Schedule DA, Part 1 type).............. 8999999
Cash (Schedule E, Part 1 type)..................................... 9099999
Cash Equivalents (Schedule E, Part 2 type) ........................ 9199999
Other Assets....................................................... 9299999

General Interrogatories:

1. The total activity for the year represents the net increase (decrease) from the prior year-end to the current year-end.

2. The average balance for the year is the average daily balance.

   Average daily balance: Total of daily balances divided by the number of days. Always calculate based on a 365/366 day year. If data is missing for a given date (e.g., weekend, holiday), count the previous day's value multiple times. The actual day count for the year (365/366) would serve as the denominator in the average calculation.

3. NAIC Designation Category:

   Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 6.

## SCHEDULE DL – PART 2

## SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the asset page.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity (i.e., collateral is received by the reporting entity that can be resold or repledged).

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E) or reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10, but not both.

Reinvested collateral assets reported on Schedule DL, Part 2 are included in the other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

**Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO that are described in the Investment Schedules General Instructions** are to be included in SVO Identified Funds.

**If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:**

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

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

| Category | Line Number |
| --- | --- |
| Bonds (Schedule D, Part 1): | |
| U.S. Governments | |
| Issuer Obligations | 0199999 |
| Residential Mortgage-Backed Securities | 0299999 |
| Commercial Mortgage-Backed Securities | 0399999 |
| Other Loan-Backed and Structured Securities | 0499999 |
| Subtotals – U.S. Governments | 0599999 |
| All Other Governments | |
| Issuer Obligations | 0699999 |
| Residential Mortgage-Backed Securities | 0799999 |
| Commercial Mortgage-Backed Securities | 0899999 |
| Other Loan-Backed and Structured Securities | 0999999 |
| Subtotals – All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | |
| Issuer Obligations | 1199999 |
| Residential Mortgage-Backed Securities | 1299999 |
| Commercial Mortgage-Backed Securities | 1399999 |
| Other Loan-Backed and Structured Securities | 1499999 |
| Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) | 1799999 |
| U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | |
| Issuer Obligations | 1899999 |
| Residential Mortgage-Backed Securities | 1999999 |
| Commercial Mortgage-Backed Securities | 2099999 |
| Other Loan-Backed and Structured Securities | 2199999 |
| Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 2499999 |
| U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | |
| Issuer Obligations | 2599999 |
| Residential Mortgage-Backed Securities | 2699999 |
| Commercial Mortgage-Backed Securities | 2799999 |
| Other Loan-Backed and Structured Securities | 2899999 |
| Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions | 3199999 |
| Industrial and Miscellaneous (Unaffiliated) | |
| Issuer Obligations | 3299999 |
| Residential Mortgage-Backed Securities | 3399999 |
| Commercial Mortgage-Backed Securities | 3499999 |
| Other Loan-Backed and Structured Securities | 3599999 |
| Subtotals – Industrial and Miscellaneous (Unaffiliated) | 3899999 |

Hybrid Securities

Issuer Obligations.......... 4299999

Residential Mortgage-Backed Securities .......... 4399999

Commercial Mortgage-Backed Securities.......... 4499999

Other Loan-Backed and Structured Securities .......... 4599999

Subtotals – Hybrid Securities .......... 4899999

Parent, Subsidiaries and Affiliates

Issuer Obligations.......... 4999999

Residential Mortgage-Backed Securities .......... 5099999

Commercial Mortgage-Backed Securities.......... 5199999

Other Loan-Backed and Structured Securities .......... 5299999

Affiliated Bank Loans – Issued .......... 5399999

Affiliated Bank Loans – Acquired .......... 5499999

Subtotals – Parent, Subsidiaries and Affiliates.......... 5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO.......... 5799999

Bond Mutual Funds – as Identified by the SVO .......... 5899999

Subtotals – SVO Identified Funds.......... 5999999

Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued .......... 6099999

Unaffiliated Bank Loans – Acquired.......... 6199999

Subtotals – Unaffiliated Bank Loans.......... 6299999

Total Bonds

Subtotals – Issuer Obligations.......... 6399999

Subtotals – Residential Mortgage-Backed Securities.......... 6499999

Subtotals – Commercial Mortgage-Backed Securities.......... 6599999

Subtotals – Other Loan-Backed and Structured Securities .......... 6699999

Subtotals – SVO Identified Funds.......... 6799999

Subtotals – Affiliated Bank Loans .......... 6899999

Subtotals – Bank Loans.......... 6999999

Subtotals – Total Bonds .......... 7099999

Stocks:

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated) Perpetual and Redeemable Preferred.......... 7199999

Parent, Subsidiaries and Affiliates Perpetual and Redeemable Preferred .......... 7299999

Total Preferred Stocks.......... 7399999

Common Stocks:

Industrial and Miscellaneous (Unaffiliated).......... 7499999

Parent, Subsidiaries and Affiliates .......... 7599999

Mutual Funds .......... 7699999

Unit Investment Trusts.......... 7799999

Closed-End Funds .......... 7899999

Total Common Stocks.......... 7999999

Total Preferred and Common Stocks.......... 8099999

Real Estate (Schedule A) .................... 8699999
Mortgage Loans on Real Estate (Schedule B) .................... 8799999
Other Invested Assets (Schedule BA).................... 8899999
Short-Term Invested Assets (Schedule DA, Part 1).................... 8999999
Cash (Schedule E, Part 1) .................... 9099999
Cash Equivalents (Schedule E, Part 2) .................... 9199999
Other Assets.................... 9299999
Totals .................... 9999999

Column 1 – CUSIP Identification

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

For Lines 0199999 through 7999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column 11).

The CUSIP reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 .................... Schedule D, Part 1, Column 1
Lines 7199999 through 7399999 .................... Schedule D, Part 2, Section 1, Column 1
Lines 7499999 through 7999999 .................... Schedule D, Part 2, Section 2, Column 1
Line 8899999 .................... Schedule BA, Part 1, Column 1
Line 9199999 .................... Schedule E, Part 2, Column 1

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

Real Estate (Schedule A) .................... 8699999
Mortgage Loans on Real Estate (Schedule B) .................... 8799999
Short-Term Invested Assets (Schedule DA, Part 1).................... 8999999
Cash (Schedule E, Part 1) .................... 9099999
Other Assets.................... 9299999

Column 2 – Description

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

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter complete name of the fund.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Code

Enter "*" in this column for all SVO Identified Funds designated for systematic value.

Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.

Enter "$" in this column for Certificates of Deposit under the FDIC limit.

Enter "&" in this column for TBA (To Be Announced) securities.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

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

If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@", "$" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@", "$" or "&" with the "^" preceding the other characters ("*", "@", "$" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

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

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 6
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 20
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 17
Line 8899999 .............................................. Schedule BA, Part 1, Column 7
Line 8999999 .............................................. Schedule DA, Part 1, Column 22
Line 9199999 .............................................. Schedule E, Part 2, Column 11

For Lines 8699999, 8799999, , 9099999 and 9299999, the column should be left blank.

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

- NAIC Designation Column 4A
- NAIC Designation Modifier Column 4B
- SVO Administrative Symbol Column 4C

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

Column 5 – Fair Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 9
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 10
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 8
Line 8699999 .............................................. Schedule A, Part 1, Column 10
Line 8799999 .............................................. FV of the underlying collateral Schedule B, Part 1
Line 8899999 .............................................. Schedule BA, Part 1, Column 11

For those lines where the same investment is reported on other schedules but do not have a fair value column, report the amount in these columns in the other schedules for the lines shown below:

Line 8999999 .............................................. Report BACV, Schedule DA, Part 1, Column 7
Line 9099999 .............................................. Report Balance, Schedule E, Part 1, Column 6
Line 9199999 .............................................. Report BACV, Schedule E, Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 11
Lines 7199999 through 7399999 ................. Schedule D, Part 2, Section 1, Column 8
Lines 7499999 through 7999999 ................. Schedule D, Part 2, Section 2, Column 6
Line 8699999 .............................................. Schedule A, Part 1, Column 9
Line 8799999 .............................................. Schedule B, Part 1, Column 8
Line 8899999 .............................................. Schedule BA, Part 1, Column 12
Line 8999999 .............................................. Schedule DA, Part 1, Column 7
Line 9099999 .............................................. Report Balance, Schedule E, Part 1, Column 6
Line 9199999 .............................................. Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 ................. Schedule D, Part 1, Column 22
Line 8999999 .............................................. Schedule DA, Part 1, Column 6
Line 9199999 .............................................. Schedule E, Part 2, Column 6

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

7199999 through 7399999 ........................... Preferred Stock (Schedule D, Part 2, Section 1 type)
7499999 through 7999999 ........................... Common Stock (Schedule D, Part 2, Section 2 type)
8699999 ...................................................... Real Estate (Schedule A type)
8799999 ...................................................... Mortgage Loans on Real Estate (Schedule B type)
8899999 ...................................................... Other Invested Assets (Schedule BA type)
9299999 ...................................................... Other Assets

****  Columns 8 through 11 will be electronic only.  ****

Column 8 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.

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

"1" for Level 1

"2" for Level 2

"3" for Level 3

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

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

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

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

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

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

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

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

Column 9 – Source Used to Obtain Fair Value

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

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

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

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

For Method Code "d," leave blank.

For Method Code "e," leave blank.

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

Column 10 – Legal Entity Identifier (LEI)

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

Column 11 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0199999 through 7099999 .................................. Schedule D, Part 1, Column 1
Lines 7199999 through 7399999 .................................. Schedule D, Part 2, Section 1, Column 1
Lines 7499999 through 7999999 .................................. Schedule D, Part 2, Section 2, Column 1

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

Real Estate (Schedule A) ........................................................................................ 8699999
Mortgage Loans on Real Estate (Schedule B) .................................................................... 8799999
Other Invested Assets (Schedule BA)............................................................................. 8899999
Short-Term Invested Assets (Schedule DA, Part 1)............................................................ 8999999
Cash (Schedule E, Part 1) ........................................................................................ 9099999
Cash Equivalents (Schedule E, Part 2)............................................................................ 9199999
Other Assets........................................................................................................... 9299999

General Interrogatories:

1. The total activity for the year represents the net increase (decrease) from the prior year-end to the current year-end.

2. The average balance for the year is the average daily balance.

   Average daily balance: Total of daily balances divided by the number of days. Always calculate based on a 365/366 day year. If data is missing for a given date (e.g., weekend, holiday), count the previous day's value multiple times. The actual day count for the year (365/366) would serve as the denominator in the average calculation.

## SCHEDULE E – PART 1 – CASH

This schedule shows all banks, trust companies, savings and loan and building and loan associations in which the company maintained deposits at any time during the year and the balances, if any (according to Reporting Entity's record), on December 31 of the current year. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date and other instruments defined as cash in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* should be reported in this schedule. All Cash Equivalents should be reported in Schedule E, Part 2. Long-term certificates of deposit are to be reported in Schedule D.

In each case where the depository is not incorporated and subject to government supervision, the word "PRIVATE" in capitals and in parentheses — (PRIVATE) — should be inserted to the left of the name of the depository.

Report separately all deposits in excess of $250,000 or less than ($250,000). Deposits not exceeding $250,000 or not less than ($250,000) in federally insured depositories may be combined. Deposits in foreign bank accounts may be combined to the extent that the amount on deposit does not exceed the lesser of $250,000 or the amount of the foreign guarantee. The amount combined should be reported opposite the caption, "Deposits in (insert number) depositories that do not exceed the allowable limit." However, any reporting entity that does not maintain total deposits in any one depository of more than $250,000 is required to list its primary depository; and all entities must list all depositories where the total deposits or overdrafts (as represented by the absolute value) exceed 5% of the total cash as reported on Page 2 of the annual statement.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of one year or less, each individual banking institution providing a certificate of deposit should be reviewed separately to determine if the balance maintained by the reporting entity at that banking institution meets the criteria set forth above (i.e., does not exceed $250,000 or is not less than ($250,000) in federally insured depositories) for combining with other depository balances. If not, it should be listed individually on the schedule.

Cash in Reporting Entity's Office should be reported in this schedule.

The total of all Cash on Deposit at December 31 plus Cash in Reporting Entity's office (Total Cash, on a gross basis), less any applicable nonadmitted amounts (e.g., nonadmitted cash resulting from state-imposed limitations), should equal the parenthetical amount reported as cash on the Assets Page.

If the reporting entity has any detail lines 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:

| Group or Category | Line Number |
|---|---|
| Deposits in (insert number) depositories that do not exceed allowable limits in any one depository – Open Depositories | 0199998 |
| Totals – Open Depositories | 0199999 |
| Deposits in (insert number) depositories that do not exceed allowable limits in any one depository – Suspended Depositories | 0299998 |
| Totals – Suspended Depositories | 0299999 |
| Total Cash on Deposit | 0399999 |
| Cash in Company's Office | 0499999 |
| Total Cash | 0599999 |

Column 1 – Depository

Give full name and location. Indicate whether the depository is a parent, subsidiary, or affiliate. Give maturity date in the case of certificates of deposit or time deposits.

Column 2 – Code

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If cash is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 3 – Rate of Interest

Show the rate as stated on the face of the note. Where the original stated rate has been renegotiated show the latest modified rate. All information reported in this field must be a numeric value.

Column 4 – Amount of Interest Received During Year

Include: Investment income directly related to the securities reported in this schedule.

Column 7 – * Column

Place an "*" in this column when the reporting entity is taking credit for the estimated amount recoverable in a suspended deposit.

**** Column 8 will be electronic only. ****

Column 8 – Legal Entity Identifier (LEI)

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

## SCHEDULE E – PART 2 – CASH EQUIVALENTS

List all investments owned whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were three months or less and defined as cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*. Include Money Market Mutual Funds.

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

Short Sales:

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

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

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

- **Category definitions for bonds.**
- **Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

| Category | Line Number |
|---|---|
| Bonds: | |
| U.S. Governments | |
| Issuer Obligations | 0199999 |
| Residential Mortgage-Backed Securities | 0299999 |
| Commercial Mortgage-Backed Securities | 0399999 |
| Other Loan-Backed and Structured Securities | 0499999 |
| Subtotals – U.S. Governments | 0599999 |
| All Other Governments | |
| Issuer Obligations | 0699999 |
| Residential Mortgage-Backed Securities | 0799999 |
| Commercial Mortgage-Backed Securities | 0899999 |
| Other Loan-Backed and Structured Securities | 0999999 |
| Subtotals – All Other Governments | 1099999 |
| U.S. States, Territories and Possessions (Direct and Guaranteed) | |
| Issuer Obligations | 1199999 |
| Residential Mortgage-Backed Securities | 1299999 |
| Commercial Mortgage-Backed Securities | 1399999 |
| Other Loan-Backed and Structured Securities | 1499999 |
| Subtotals – States, Territories and Possessions (Direct and Guaranteed) | 1799999 |

U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)

Issuer Obligations........................................ 1899999
Residential Mortgage-Backed Securities ........................................ 1999999
Commercial Mortgage-Backed Securities........................................ 2099999
Other Loan-Backed and Structured Securities ........................................ 2199999
Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) ........................................ 2499999

U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions

Issuer Obligations........................................ 2599999
Residential Mortgage-Backed Securities ........................................ 2699999
Commercial Mortgage-Backed Securities........................................ 2799999
Other Loan-Backed and Structured Securities ........................................ 2899999
Subtotals – Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions ........................................ 3199999

Industrial and Miscellaneous (Unaffiliated)

Issuer Obligations........................................ 3299999
Residential Mortgage-Backed Securities ........................................ 3399999
Commercial Mortgage-Backed Securities........................................ 3499999
Other Loan-Backed and Structured Securities ........................................ 3599999
Subtotals – Industrial and Miscellaneous (Unaffiliated) ........................................ 3899999

Hybrid Securities

Issuer Obligations........................................ 4299999
Residential Mortgage-Backed Securities ........................................ 4399999
Commercial-Backed Securities ........................................ 4499999
Other Loan-Backed and Structured Securities ........................................ 4599999
Subtotals – Hybrid Securities........................................ 4899999

Parent, Subsidiaries and Affiliates Bonds

Issuer Obligations........................................ 4999999
Residential Mortgage-Backed Securities ........................................ 5099999
Commercial Mortgage-Backed Securities........................................ 5199999
Other Loan-Backed and Structured Securities ........................................ 5299999
Affiliated Bank Loans – Issued ........................................ 5399999
Affiliated Bank Loans – Acquired ........................................ 5499999
Subtotals – Parent, Subsidiaries and Affiliates Bonds ........................................ 5599999

SVO Identified Funds

Exchange Traded Funds – as Identified by the SVO........................................ 5899999
Bond Mutual Funds – as Identified by the SVO ........................................ 5999999
Subtotals – SVO Identified Funds........................................ 6099999

Unaffiliated Bank Loans

Unaffiliated Bank Loans – Issued ........................................ 6399999
Unaffiliated Bank Loans – Acquired........................................ 6499999
Subtotals – Unaffiliated Bank Loans........................................ 6599999

Total Bonds

Subtotals – Issuer Obligations ........................................ 7699999
Subtotals – Residential Mortgage-Backed Securities ........................................ 7799999
Subtotals – Commercial Mortgage-Backed Securities ........................................ 7899999
Subtotals – Other Loan-Backed and Structured Securities ........................................ 7999999
Subtotals – SVO Identified Funds ........................................ 8099999
Subtotals – Affiliated Bank Loans ........................................ 8199999
Subtotals – Unaffiliated Bank Loans ........................................ 8299999
Subtotals – Bonds ........................................ 8399999

Sweep Accounts ........................................ 8499999

Exempt Money Market Mutual Funds – as Identified by SVO ........................................ 8599999

All Other Money Market Mutual Funds ........................................ 8699999

Other Cash Equivalents ........................................ 8799999

Total Cash Equivalents ........................................ 8899999

A money market fund shall be reported in this schedule as an Exempt Money Market Mutual Fund if such money market fund is identified by the SVO as meeting the required conditions found in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. A "NAIC U.S. Direct Obligations/Full Faith and Credit Exemption Money Market Fund List" can be found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*). All money market mutual funds that are not identified by the SVO on the U.S. Direct Obligations/Full Faith and Credit Exempt List shall be reported in this schedule as an "all other money market mutual fund."

Column 1 – CUSIP Identification

CUSIP identification is **required and valid only** for Exempt Money Market Mutual Funds – as Identified by SVO (Line 8599999) and All Other Money Market Mutual Funds (Line 8699999).

Column 2 – Description

Give a complete and accurate description.

Column 3 – Code

Enter "%" in this column for all investments except qualifying cash pooling structures per SSAP No. 2R and money market mutual funds which have been reported on this schedule for more than one consecutive quarter.

Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If a cash equivalent is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **codes identified in the Investment Schedules General Instructions** in this column.

If the "%" code is used, the "%" code should appear first, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

<u>**Separate Account Filing Only:**</u>

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "%" code, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

Column 4 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Column 5 – Rate of Interest

Show rate of interest as stated on the face of the issue. Cash equivalent bonds with various issues of the same issuer use the last rate of interest. All information reported in this field must be a numeric value.

Column 6 – Maturity Date

Reporting entities may total on one line purchases of various issues of the same issuer of cash equivalent investments and insert the date of last maturity.

Column 9 – Amount Received During Year

Include: Investment income directly related to the securities reported in this schedule.

Accrual of discount and amortization of premium, where applicable.

Report amounts net of foreign withholding tax.

**** Columns 10 and 11 will be electronic only. ****

Column 10 – Legal Entity Identifier (LEI)

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

Column 11 – NAIC Designation Category

Provide the appropriate combination of NAIC Designation Equivalent (1 through 6) and NAIC Designation Modifier Equivalent (A through G) (see table below) for each security shown.

The NAIC Designation and NAIC Designation Modifier Equivalent should not be provided for the following lines:

- Sweep Accounts — Line 8499999
- Exempt Money Market Mutual Funds – as Identified by the SVO — Line 8599999
- All Other Money Market Mutual Funds — Line 8699999
- Other Cash Equivalents — Line 8799999

Exchange Traded Funds – as Identified by the SVO should be reported as perpetual securities.

The NAIC Designation Category will be two sub-columns in the data table.

- NAIC Designation Equivalent — Column 11A
- NAIC Designation Modifier Equivalent — Column 11B

NAIC Designation Equivalent:

For the NAIC Designation Equivalent, use the NAIC Designation that would have been used for the investment had it been reported on Schedule D, Part 1 if available. If no NAIC Designation is available, the reporting entity should use a Designation Equivalent most closely resembles their credit risk the investment.

NAIC Designation Modifier Equivalent:

Bonds (Lines 0199999 through 659999)

Use the NAIC Designation Modifier that would have been used for the investment had it been reported on Schedule D, Part 1 if available.

If no NAIC Designation Modifier is available, the reporting entity should use a Designation Modifier Equivalent most closely resembles their credit risk the investment.

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

Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these codes.

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

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



NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

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

## SCHEDULE E – PART 3 – SPECIAL DEPOSITS

The amounts reported in this schedule also are included in the various asset schedules of the company.

Exclude from this schedule all deposits or operating accounts in financial institutions that the company uses in the normal course of its business.

Column 1 – Type of Deposit

Include in this column, one of the following indicators:

- B – Bond
- S – Stocks
- M – Mortgages
- C – Certificates of Deposit
- R – Real Estate
- ST – Cash/Short-Term Investments
- O – Other (Use this symbol when multiple types of assets are on deposit within a particular jurisdiction.)

Column 2 – Purpose of Deposit

The following are examples of suggested entries for stating the purpose of the deposit:

Bail Bonds
Workers' Compensation
Property & Casualty
Fidelity & Surety
HMO
Life Insurance
Collateral for ____________________
Pledged for ____________________
Escrow for ____________________
Reinsurance with ____________________

If needed, you may enter multiple purposes in Column 2, if the totals in Columns 3 through 6 include multiple deposits.

Columns 3 and 4 – Deposits for the Benefit of All Policyholders

Report only the statutory deposit held for the benefit of all policyholders. **DO NOT INCLUDE** deposits held for a special purpose. Reporting entities must report these special purpose deposits in Columns 5 and 6.

Columns 5 and 6 – All Other Special Deposits

Report any deposits not included in Column 3 and 4 which are held for any special or statutory purpose.

Include: Deposits held for a special purpose.

Deposits to secure reinsurance obligations.

Deposits to satisfy a particular claim or litigation (list separately).

Exclude: Deposits held for the benefit of all policyholders (reported in Columns 3 and 4).

Deposits or operating accounts in financial institutions that the company uses in the normal course of its business.

Columns 3 and 5 – Book/Adjusted Carrying Value

Enter the balance sheet value of each deposit.

Columns 4 and 6 – Fair Value

Enter the fair value of each special deposit.

Details of Write-ins Aggregated at Line 58 – Aggregate Alien and Other

List separately each deposit to secure reinsurance obligations and reflect these amounts in the appropriate parts of the reinsurance schedules.

List separately each deposit to satisfy a particular claim or litigation.

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## SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

This set of Supplemental Interrogatories is to assist regulators in identifying and analyzing the risks inherent in the entity's investment portfolio. The Supplemental Investment Risks Interrogatories apply only to general account assets. These lines were determined based upon the investment categories contained in the NAIC Statutory Statement and considered as invested assets. The reported amounts are to be consistent with net admitted amounts reported by the entity in the statement and supporting schedules, not on a consolidated basis. Compute the percentage calculations by dividing the reported amount by the total admitted assets reported in Line 1 of the Interrogatories unless otherwise indicated. It is recommended that the first step in responding to this set of Interrogatories is for the person preparing this document to read through the Interrogatories to gain an understanding of the reporting requirements.

All reporting entities must answer Interrogatories 1 through 4, 11 through 16, 18, 19 and, if applicable 20 through 23. Answer each Interrogatory 5 through 10 only if the reporting entity's aggregate holdings in foreign investments as addressed in Interrogatory 4 equals or exceeds 2.5% of the reporting entity's total admitted assets. Answer Interrogatory 17 only if the reporting entity's aggregate holdings in mortgage loans as addressed in Interrogatory 16 equals or exceeds 2.5% of the reporting entity's total admitted assets. For Life\Fraternal blank, responses are to exclude Separate Accounts. For the Property/Casualty blank, responses are to exclude Protected Cell Accounts.

If listing a Supranational, put Supranational and the union or member on the line (Example: Supranational – World Trade Organization).

The following definitions apply to interrogatories 4 through 10, unless otherwise defined by state statute.

**Foreign investment:** An investment in a foreign jurisdiction, or an investment in a person, real estate or asset domiciled in a foreign jurisdiction. An investment shall not be deemed to be foreign if the issuing person, qualified primary credit source or qualified guarantor is a domestic jurisdiction or a person domiciled in a domestic jurisdiction, unless:

(a) The issuing person is a shell business entity; and

(b) The investment is not assumed, accepted, guaranteed or insured or otherwise backed by a domestic jurisdiction or a person, that is not a shell business entity, domiciled in a domestic jurisdiction.

**Domestic jurisdiction:** The United States, Canada, any state, any province of Canada or any political subdivision of any of the foregoing.

**Foreign jurisdiction:** A jurisdiction other than a domestic jurisdiction.

**Shell business entity:** A business entity having no economic substance, except as a vehicle for owning interests in assets issued, owned or previously owned by a person domiciled in a foreign jurisdiction.

**Qualified guarantor:** A guarantor against which a reporting entity has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

**Qualified primary credit source:** The credit source to which a reporting entity looks for payment as to an investment and against which a reporting entity has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

**Supranational:** Entities with more than one sovereign government as a member.

Line 1 – Report the reporting entity's total admitted assets as reported on Page 2 of the annual statement.

Report the total net admitted assets for the current year, Page 2, Assets, Column 3, excluding Separate Account, Protected Cell or Segregated Account business.

Line 2 – Report the single 10 largest exposures to a single issuer/borrower/investment.

Determine the ten largest exposures by first, aggregating investments from all investment categories (except the excluded categories) by issuer. The first six digits of the CUSIP number can be used as a starting point; however, please note that the same issuer may have more than one unique series of the first six digits of the CUSIP. For example, the reporting entity owns bonds issued by the XYZ Company of $500,000 and common stock of the XYZ Company of $600,000. In addition, the reporting entity has a mortgage loan to the XYZ Company of $300,000. The total exposure to Issuer XYZ Company is $1.4 million ($500,000+$600,000+$300,000).

For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual exposures and aggregate those exposures with directly held investments to determine the 10 largest exposures. For example, if a reporting entity directly holds a significant number of investments in Exxon Mobil and holds a non-diversified closed-end fund with a high concentration of Exxon Mobil, the reporting entity shall aggregate the direct investments with the investments in the closed-end funds to determine the aggregate investment risk to Exxon Mobil.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund's fiscal quarter end. Insurers who own funds classified as "non-diversified" are to use the last publicly available fund holding disclosure to account for holdings that should be included in their Top 10 holdings.

Exclude: U.S. Government and U. S. Government Agency securities listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as "Securities That Are Considered "Exempt Obligations" For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation";

Those U.S. Government money market funds listed on "NAIC U.S. Direct Obligations/Full Faith and Credit Exemption List Money Market Fund List" found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*);

Property occupied by the company

Policy loans

All SEC and foreign registered funds (open-end, closed end, UIT and ETFs) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940 [Section 5(b) (1)].

In Column 2, list the categories of securities that are included in the total for each issuer (e.g., bonds, mortgage loans, etc.)

Line 3 – Report by NAIC designation, the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks.

Report the total amount for each subcategory. The amounts reported in the bond subcategories should be consistent with the amounts reported in Schedule D, Part 1A, Section 1, Column 7, Lines 11.1 – 11.6. Schedule D, Part 1A, Section 1 is reported gross and will not tie to this line if any amounts are reported and nonadmitted for bonds and preferred stocks on the asset page.

Line 4 – Report the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure.

Line 4.02 – Report the aggregate amount of foreign investments as determined by the rules or statutes of the state of domicile (regardless of whether there is any foreign currency exposure).

Line 4.03 – Report the portion of the aggregate amount of foreign investments that supports insurance liabilities denominated in that same foreign currency.

The amount reported in 4.03 should be included in all answers to Lines 5 through 10.

Line 4.04 – Report the amount of the insurance liabilities associated with the investments reported in 4.03 and that are denominated in the same currency.

Lines 5-10 should be answered only if the reporting entity's aggregate foreign investments exceed 2.5% of total admitted assets (response to 4.01 is no). The NAIC designations for Lines 5, 6, 8 and 9 relate to country ratings, not investment ratings. If the country does not have a rating, include the investment in the NAIC-3 or below category.

Line 5 – Report the aggregate foreign investment exposure (regardless of currency exposure) categorized by the country's NAIC sovereign designation. Aggregate foreign investments first by foreign jurisdiction and then by NAIC sovereign designation.

The sovereign ratings and designation equivalents are available on the NAIC Web site.

Line 6 – Within each of the following three categories of NAIC country sovereign designations, which are available on the NAIC Web site (1, 2, and 3 or below), identify the two countries in which the company has its largest aggregate foreign investment exposures (regardless of currency exposure), and report the dollar value and percentage of company investments issued within each of those countries.

Line 8 – Report the aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation. Aggregate unhedged foreign currency exposures first by foreign jurisdiction and then by NAIC sovereign designation.

The sovereign ratings and designation equivalents are available on the NAIC Web site.

Line 9 – Within each of the following three categories of NAIC country sovereign designations, which are available on the NAIC Web site (1, 2, and 3 or below), identify the two countries in which the company has its largest aggregate unhedged foreign currency exposures, and report the dollar value and percentage of company investments issued within each of those countries.

Line 10 – Report the 10 largest non-sovereign (i.e., non-governmental) exposures to a foreign issuer/borrower/investment.

Determine the ten largest foreign exposures by first aggregating investments from all foreign investment categories by issuer. See example in Line 2. If an investment does not have an NAIC designation, indicate the investment category, e.g., mortgage loan, in the NAIC Designation Column after first indicating any available NAIC designations for that issuer/borrower.

Line 11 – Report the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments, including Canadian-currency denominated investments, Canadian insurance liabilities ("Canadian Investments") and unhedged Canadian currency exposure.

Line 11.03 – Report the aggregate amount of Canadian Investments that support insurance liabilities denominated in Canadian currency.

The amount listed in Line 11.03 should be included in all answers to Line 11.

Line 11.04 – Report the aggregate amount of the insurance liabilities associated with the investments reported in Line 11.03.

Line 11.05 – Unhedged Canadian Currency Exposure

If the reporting entity's aggregate Canadian investments exceed 2.5% of total admitted assets, answer this question.

Line 12 – Report the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investment from being sold within 90 days).

Line 12.02 – The aggregate amount reported in this line is limited to investments with contractual restrictions. It does not include, for instance, investments that have procedural requirements to be met prior to sale or internal company restrictions.

Line 13.02 through 13.11 – Report the amounts and percentages of admitted assets held in the ten largest equity interests including equity funds that qualify individually as one of the largest equity interests and a look-through of investments in the shares of non-diversified mutual funds and ETFs, preferred stocks, publicly traded equity securities, and other equity securities (including Schedule BA equity interests). Equity interests in all funds that are diversified in accordance with the Investment Company Act of 1940 do not need to be individually assessed and aggregated to determine the ten largest equity interests. For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual equity interests within the fund and aggregate those equity interests to determine their ten largest equity interests.

Determine the ten largest equity interests by first aggregating investments included in this line by issuer. For example, the reporting entity owns preferred stock of the XYZ Company of $600,000, common stock of the XYZ Company of $300,000 and $50,000 of XYZ identified through a look-through of a non-diversified stock closed-end fund reported on Schedule D-2-2. The total is $950,000 ($600,000+$300,000+50,000). The reporting entity also owns bonds issued by the XYZ Company of $500,000 that are excluded from this calculation because bonds are debt instruments. The reporting entity may also have exposure to equity interests in XYZ through mutual funds that are excluded from this calculation as the funds are diversified within the meaning of the Investment Company Act of 1940. Other equity securities include partnerships and Limited Liability Companies (LLC) and any other investments reported in Schedule BA classified as equity.

The following funds shall also be excluded from aggregation as equity interests: SVO-Identified U.S. Direct Obligations / Full Faith And Credit Exempt List of Money Market Mutual Funds, SVO-Identified Bond ETFs, SVO-Identified Bond Mutual Funds and SVO Identified fund investments with underlying characteristics of fixed-income instruments, which do not contain underlying equities and that are outlined within the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Line 14 – Report the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

Line 14.02 – The amount reported in this line is a subset of the Line 14 amount, but excludes any public securities, any affiliated equity interests and any securities that can be sold under SEC Rule 144 or under Rule 144a without any volume restrictions.

Line 14.06 through 14.15 – These lines should be completed even if the answer to Question 14.01 is "YES."

Report the investments held in the ten largest fund managers, with allocation between funds that are diversified or non-diversified in accordance with the meaning of the Investment Company Act of 1940. This should include all "funds" regardless of the type of fund (private placement, mutual fund, exchange-traded fund, closed-end fund, money market mutual fund, etc), reporting schedule or underlying investments captured in a fund.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund's fiscal quarter end. Insurers who own funds classified as "non-diversified" are to use the last publicly available fund holding disclosure to account for holdings which should be included in their Top 10 holdings.

Determine the ten largest fund managers by aggregating all "fund" investments by fund manager. For example, if a reporting entity holds a BlackRock SVO-Identified Bond ETF (diversified within the meaning of the Investment Company Act of 1940) reported on Schedule D-1 at $500,000, four BlackRock diversified mutual funds reported on Schedule D-2-2 at $2,200,000 and two BlackRock non-diversified closed-end funds totaling $1,500,000, the reporting entity shall report their aggregated investment in BlackRock funds of $4,200,000, with $2,700,000 in diversified funds and $1,500,000 in non-diversified funds.

Line 15 – Report the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Line 15.02 – Report the aggregate amount of all general partnership interests reported in Schedule BA. The amount excludes limited partnership interests or any LLC investments.

Lines 15.03 through 15.05 – Report the details of the three largest general partnership interests if the aggregate amount reported in Interrogatory 15.01 exceeds 2.5% of admitted assets.

Line 16 – With respect to mortgage loans reported in Schedule B, report the amounts and percentages of the reporting entity's total admitted assets.

Line 16.02 through 16.11 – The aggregate mortgage interest represents the combined value of all mortgages secured by the same property or same group of properties.

Report the details of the ten largest mortgage interests if the aggregate amount exceeds 2.5% of admitted assets.

The amounts reported in 16.13, 16.14 and 16.16 should be consistent with the corresponding subtotals reported in Column 8 of Schedule B, Part 1.

Line 17 – Report the aggregate mortgage loans having the indicated loan-to-value ratios as determined from the most current appraisal as of the annual statement date.

Line 17.01 through 17.05 – For each mortgage loan, determine its loan-to-value ratio and assign it to one of the five loan-to-value categories, separated into residential, commercial or agricultural. Aggregate the amounts for each category and calculate the percent of admitted assets.

Line 18.02 through 18.06 – Report the amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A, excluding property occupied by the company, if the aggregate amount reported in Interrogatory 18.01 exceeds 2.5% of admitted assets.

Line 19 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for mezzanine real estate loans.

Line 19.01 – If the response is yes, the reporting entity need not complete the remainder of Interrogatory 19.

Line 20 – Report the amounts and percentages of the reporting entity's total admitted assets subject to securities lending agreements, repurchase agreements, reverse repurchase agreements, dollar repurchase agreements and dollar reverse repurchase agreements.

Line 20.01 through 20.05 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end.

Line 21 – Report the amounts and percentages for warrants not attached to other financial instruments, options, caps and floors.

Line 21.01 through 21.03 – Report the aggregate amount for each category and calculate the percentage of admitted assets. The amounts should also agree with amounts reported in Schedule DB.

Line 22 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for collars, swaps and forwards.

Line 22.01 through 22.04 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end. The amounts should also agree with amounts reported in Schedule DB.

Line 23 – Report the amounts and percentages of potential exposure (defined as the amount determined in accordance with the *Annual Statement Instructions*) for futures contracts.

Line 23.01 through 23.04 – Report the aggregate amount for each category at year-end and at the end of each quarter. Calculate the percentage of admitted assets at year-end. The amounts should also agree with amounts reported in Schedule DB.

## SCHEDULE SIS

## STOCKHOLDER INFORMATION SUPPLEMENT

The Stockholder Information Supplement shall be completed by all stock companies incorporated in the U.S.A. that have 100 or more stockholders. Such supplement shall be filed with the insurance commissioner of the company's domiciliary state as a part of its annual statement. The information required to be contained in this supplement is to be furnished to the best of the knowledge of the company. Where appropriate, the company should obtain the required information, in writing, from its directors or officers and from any person known to the company to be the beneficial owner of more than 10% of any class of its equity securities.

The term "officer" means a president, vice-president, treasurer, actuary, secretary, controller and any other person who performs for the company functions corresponding to those performed by the foregoing officers.

### INFORMATION REGARDING MANAGEMENT AND DIRECTORS

1. This information applies to any person who was a director or officer of the company at any time during the year. However, information need not be given for any portion of the year during which such person was not a director or officer of the company.

2. Include under "Other Employee Benefits" information for such items as savings plans, deferred compensation plans, thrift plans, profit-sharing plans, etc., or other contracts, authorizations or arrangements, whether or not set forth in any formal document. Briefly describe such "plans" and the basis upon which directors or officers participate therein, if not previously described in a prior "Stockholder Information Supplement" indicating date thereof. Company cost of benefits accrued or set aside need not be stated with respect to payments computed on an actuarial basis under any plan that provides for fixed benefits on retirement at a specified age or after a specified number of years of service.

3. Information need not be included as to payments made for, or benefits received from, group life or accident insurance, group hospitalization or similar group payments or benefits.

4. If it is impractical to state the amount of the estimated annual benefits proposed to be made upon retirement, the aggregate amount set aside or accrued to date in respect of such payment should be stated, together with an explanation of the basis for future payments.

5. Attach separate sheets if necessary to fully answer questions.

## STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Column 1 – Name and Title

Indicate relationship of the person to the company, for example: “director,” “director and vice-president,” “beneficial owner of more than 10% of the company’s common stock,” etc.

Column 2 – Title of Security

The statement of the title of a security should be such as to clearly identify the security, even though there may be only one class, for example: “common stock,” “4% convertible preferred stock,” etc.

Column 3 – Nature of Ownership

Under the “Nature of Ownership”, state whether ownership of securities is “direct” or “indirect.” If the ownership is indirect (i.e., through a partnership, corporation, trust or other entity), indicate in a footnote or other appropriate manner the name or identity of the medium through which the securities are indirectly owned. The fact that securities are held in the name of a broker or other nominee does not, of itself, constitute indirect ownership. Securities owned indirectly shall be reported on separate lines from those owned directly and from those owned through a different type of indirect ownership.

Column 4 – Number of Shares Owned at the End of Prior Year and
Column 8 – Number of Shares Owned at the End of Current Year

In the case of securities owned indirectly, the entire amount of securities owned by the partnership, corporation, trust or other entity shall be stated. There may also be indicated in a footnote or other appropriate manner the extent of the security holder’s interest in such partnership, corporation, trust or other entity.

If a transaction in securities of the company was with the company or one of its subsidiaries, so state. If it involved the purchase of securities through the exercise of options, so state. If any other purchase or sale was affected otherwise than in the open market, that fact shall be indicated. If the transaction was not a purchase or sale, indicate its character, for example, gift, stock dividend, etc., as the case may be.

Any additional information or explanation deemed relevant by the company should be included as a footnote or in other appropriate manner.

Column 9 – Percentage of Voting Stock Directly and Indirectly Owned or Controlled at the End of the Current Year

Report the percentage of voting stock directly and indirectly owned or controlled at the end of the current year by each director, officer and/or any other entity/person who directly or indirectly, own, control, hold with the power to vote, or hold proxies representing 10% of more of the voting interests of the entity. See *SSAP No. 25—Affiliates and Other Related Parties* for the definition of control.

## SUPPLEMENTAL COMPENSATION EXHIBIT

Each reporting entity shall file with its state of domicile and any state that requests it in writing a Supplemental Compensation Exhibit for such directors, officers, and employees and in such manner as provided below.

The Exhibit shall be filed as a supplement to each reporting entity's annual statement to the domiciliary Department on or before March 1. The purpose of the Exhibit is to provide information to the regulator concerning payments to senior management and directors that could negatively impact a reporting entity's financial condition.

Insurers that are part of a group of insurers or other holding company system may file amounts paid to officers and employees of more than one insurer in the group or system either on a total gross basis or by allocation to each insurer.

Compensation shall consist of any and all remuneration paid to or on behalf of an officer, employee, or director covered by this requirement, including, but not limited to, wages, salaries, bonuses, commissions, stock grants, gains from the exercise of stock options, and any other emolument.



**Supplemental Compensation Exhibit**

- A table disclosing the total of all compensation paid to the named officers shall be provided.
- The table shall cover a three-year period, although companies may phase in the required disclosures over the first three years of reporting.
- For awards of stock, the dollar amount reported shall be based upon the aggregate grant date value of awards computed in accordance with *SSAP No. 104R—Share-Based Payments*.
- Provide a narrative description of any material factors necessary to gain an understanding of the information disclosed in the tables in Part 4.

**Part 2**

**Officer and Employee Compensation**

Reporting entities shall disclose the compensation of:

1. All individuals serving as the principal executive officer ("PEO") or acting in a similar capacity during the last completed fiscal year, regardless of compensation level;
2. All individuals serving as the principal financial officer ("PFO") or acting in a similar capacity during the last completed fiscal year, regardless of compensation level;
3. The reporting entity's three most highly compensated executive officers, other than the PEO and PFO, who were serving as executive officers at the end of the last completed fiscal year; and
4. The next five most highly compensated employees whose individual total compensation exceeds $100,000.

The determination as to which executive officers are most highly compensated shall be made by reference to total compensation for the last completed fiscal year provided; however, no disclosure need be provided for any executive officer, other than the PEO and PFO, whose total compensation, as so reduced, does not exceed $100,000.

If the PEO or PFO served in that capacity during any part of a fiscal year with respect to which information is required, information should be provided as to all of his or her compensation for the full fiscal year. If a named executive officer (other than the PEO or PFO) served as an executive officer of the reporting entity (whether or not in the same position) during any part of the fiscal year with respect to which information is required, information shall be provided as to all compensation of that individual for the full fiscal year.

**Definitions.** For purposes of this disclosure:

1. The term **"stock"** means instruments such as common stock, restricted stock, restricted stock units, phantom stock, phantom stock units, common stock equivalent units or any similar instruments that do not have option-like features, and the term option means instruments such as stock options, stock appreciation rights and similar instruments with option-like features. The term stock appreciation rights (SARs) refers to SARs payable in cash or stock, including SARs payable in cash or stock at the election of the registrant or a named executive officer. The term "**equity**" is used to refer generally to stock and/or options.
2. The terms "**date of grant"** or "**grant date"** refer to the grant date determined for financial statement reporting purposes pursuant to *SSAP No. 104R—Share-Based Payments*.

Column 3 – Salary

The dollar value of the base salary (cash and non-cash) paid to the named officer or employee during the fiscal year covered.

Column 4 – Bonus

The dollar value of any bonus (cash and non-cash) paid to the named officer or employee during the fiscal year covered.

Column 5 – Stock Awards

For awards of stock, the aggregate grant date value computed in accordance with *SSAP No. 104R—Share-Based Payments*.

Column 6 – Option Awards

For awards of options, with or without tandem SARs (including awards that subsequently have been transferred), the aggregate grant date value computed in accordance with *SSAP No. 104R—Share-Based Payments*.

Column 7 – Sign-on Payments

All compensation received as a result of the acceptance of an employment offer.

Column 8 – Severance Payments

Any termination, including without limitation through retirement, resignation, severance or constructive termination (including a change in responsibilities) of such executive officer's employment with the reporting entity's and its subsidiaries.

Column 9 – All Other Compensation

All other compensation for the covered fiscal year that the reporting entity could not properly report in any other column. Each compensation item that is not properly reportable in other columns, regardless of the amount of the compensation item, must be included.

Such compensation must include, but is not limited to:

- Perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000;
- All “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes;
- Reporting entity contributions or other allocations to vested and unvested defined contribution plans;
- A change in control of the reporting entity;
- The dollar value of any insurance premiums paid by, or on behalf of, the reporting entity during the covered fiscal year with respect to life insurance for the benefit of a named officer or employee; and
- The dollar value of any dividends or other earnings paid on stock or option awards, when those amounts were not factored into the grant date fair value required to be reported for the stock or option award.

**Part 3**

**Director Compensation**

Reporting entities shall also disclose all compensation paid to or on behalf of all directors, other than full-time officers and employees of the reporting entity whose total compensation included service as a director and is disclosed under Part 2. Amounts disclosed must include all compensation paid for services on board and committees, as well as any other compensation for any other activity or service, such as consulting agreements.

**Part 4**

Provide a narrative description of any material factors necessary to gain an understanding of the information disclosed in the Part 2 and Part 3 tables.

## SUPPLEMENTAL SCHEDULE OF BUSINESS WRITTEN BY AGENCY

NOTE ONE: Include on this schedule only agents that individually account for 1% or more of total direct premiums written.

NOTE TWO: Each reporting entity shall file this supplement by April 1 with its state of domicile and any state that requests it in writing.

Column 2 – Name of Agency/Agent

Should include name of agency/agent per license given by state.

Column 3 – State of Incorporation

Should list state in which agency is licensed.

Column 4 – Non-affiliated Agency Operations

The amounts shown in this column represent the company non-affiliated agency operations. This column should include all agency operations other than those that are reported in Column 5.

Column 5 – Affiliated Agency Operations

The amounts shown in this column represent the company affiliated agency operations. Wholly owned agencies should be included in the amounts shown in this column. An agency operation is affiliated if the agency is an affiliate as defined by *SSAP No. 25—Affiliates and Other Related Parties*.

Column 6 – Total Direct Premiums Written By Agents

The amounts reported in this column are the total of Columns 4 and 5.

Column 7 – Percentage of Total Direct Premiums Written

The percentage shown should be the result of Column 6 divided by the current year total direct premiums written (Part 1A, Line 1, Column 4).

Line 0399999 – Direct Business (Part 1A)

Columns 4 and 5 should not be completed for this line. The number shown for Column 6 should agree with the amount shown in Part 1A, Line 1, Column 1.

Line 0999999 – Totals

Columns 4 and 5 should not be completed for this line. The number shown for Column 6 should agree with the total of Lines 0299999 and 0399999.

## APPENDIX

## INSTRUCTIONS FOR USE OF BARCODES

It is the responsibility of the company to prepare and utilize barcodes correctly.

The upper right-hand corner of the jurat page, and other pages and forms as identified on the Document Identifier Codes listing, will be the location of a 17-digit barcode symbol. The barcode standard to be utilized is the 3 of 9 (or 39) methodology. The barcode should be printed using at least a 24-point font. In addition to the barcode symbols, the name of the reporting entity, the year, and the document code should be printed on the barcode label. When the barcode is printed as part of the page rather than an affixed label, the reporting entity's name need not be printed above the barcode.

The barcode consists of the entity identifier (5 digits), the year (YYYY-4 digits), the document identifier (3 digits), the state code (2 digits), if state specific page, the data indicator (1 digit) and a filing type identifier (1 digit).

This 17th digit should utilize the following codes:

0 to represent the annual filings

1 to represent the March quarterly filing

2 to represent the June quarterly filing

3 to represent the September quarterly filing

4 to represent the Health Maintenance Organization's fourth quarter filing

5 to represent amended annual filings

6 to represent amended March quarterly filing

7 to represent amended June quarterly filing

8 to represent amended September quarterly filing

For filings of a reporting entity, the entity identifier is the NAIC company code number.

The year is represented as the last four digits of the filing year. For the 2020 annual statement due March 1, 2021, the year would be 2020.

The document identifier represents what page, schedule, exhibit, etc., is being filed. The respective identifiers for those documents requiring a barcode are included on the document identifier listing.

The state code represents if the document identifier can be filed for each individual state (e.g., the state business pages). The two-digit code would be the same as used on Schedule T. If it is not a state-specific form, the state code is 00. The state code Other is 58, and the code for Grand Total is 59. If the reporting entity has nothing to report on any state-specific supplemental schedule or exhibit, the barcode included in the Supplemental Exhibits and Schedules Interrogatories should contain a state code of 59.

The data indicator represents if the document contains data. For filings containing data place a one (1) in this field. If the document is a NONE, place a zero (0) in this field.

The filing type identifier is used to indicate the filing of NAIC filing components or state mandated (state specific) filing requirements other than those required by the NAIC. For NAIC filing requirements, the type code is 0. For state filing requirements, the type code is 1.

If forms which are required to have a separate barcode as identified on the Document Identifier Codes listing are bound in the statement, these forms MUST have the barcode affixed to them. If a reporting entity submits with the March 1 filing a page requiring a barcode and that page has not been completed due to a later filing date, the barcode should not be affixed for the March filing. If the filing includes a page listing none schedules (and the state in which you are filing permits such a filing) and any of these schedules fall within that listing that requires a barcode, the barcode must be placed to the right of the name of the page, exhibit or schedule. On those forms which are completed on a by-state basis and are marked none because the company does not write that type of business or that particular state page is none, place the appropriate identifier with the data indicator of zero (0). State pages which have values reported must use the appropriate state barcode identifier from Schedule T. If any state requires the filing of a none "by-state basis" page, the name of the appropriate state must still be printed on the hard copy after "For the State of _______."

A listing of the Document Identifier Codes can be found at *www.naic.org/cmte_e_app_blanks.htm*.

The reporting entity is required to affix the appropriate barcode next to the respective Supplemental Interrogatory using the document identifier code provided. Note that it is only Supplemental Interrogatories to which the reporting entity has responded "NO" that it does not have to file a particular exhibit or form, and for which the physical page or form is marked none that the appropriate barcode be affixed. For supplements that are state specific, the only instance a barcode should be affixed is when that type of business is not written at all in any state.

**COUNTRY OF DOMICILE**

**APPENDIX OF ABBREVIATIONS**

This is a comprehensive list of ISO Alpha 3 country abbreviations: Please note the following exception. Use NAT for Native American Tribes.

| | | |
|---|---|---|
| AFG | – | Afghanistan |
| ALA | – | Aland Islands |
| ALB | – | Albania |
| DZA | – | Algeria |
| ASM | – | American Samoa |
| AND | – | Andorra |
| AGO | – | Angola |
| AIA | – | Anguilla |
| ATA | – | Antarctica |
| ATG | – | Antigua and Barbuda |
| ARG | – | Argentina |
| ARM | – | Armenia |
| ABW | – | Aruba |
| AUS | – | Australia |
| AUT | – | Austria |
| AZE | – | Azerbaijan |
| BHS | – | Bahamas |
| BHR | – | Bahrain |
| BGD | – | Bangladesh |
| BRB | – | Barbados |
| BLR | – | Belarus |
| BEL | – | Belgium |
| BLZ | – | Belize |
| BEN | – | Benin |
| BMU | – | Bermuda |
| BTN | – | Bhutan |
| BOL | – | Bolivia |
| BES | | Bonaire, Sint Eustatius and Saba |
| BIH | – | Bosnia and Herzegovina |
| BWA | – | Botswana |
| BVT | – | Bouvet Island |
| BRA | – | Brazil |
| VGB | – | British Virgin Islands |
| IOT | – | British Indian Ocean Territory |
| BRN | – | Brunei Darussalam |
| BGR | – | Bulgaria |
| BFA | – | Burkina Faso |
| BDI | – | Burundi |
| KHM | – | Cambodia |
| CMR | – | Cameroon |
| CAN | – | Canada |
| CPV | – | Cape Verde |
| CYM | – | Cayman Islands |
| CAF | – | Central African Republic |
| TCD | – | Chad |
| CHL | – | Chile |
| CHN | – | China |
| CUW | | Curaçao |
| CXR | – | Christmas Island |
| CCK | – | Cocos (Keeling) Islands |
| COL | – | Colombia |
| COM | – | Comoros |
| COG | – | Congo (Brazzaville) |
| COD | – | Congo, Democratic Republic of the |
| COK | – | Cook Islands |
| CRI | – | Costa Rica |
| CIV | – | Côte d'Ivoire |
| HRV | – | Croatia |
| CUB | – | Cuba |
| CYP | – | Cyprus |
| CZE | – | Czech Republic |
| DNK | – | Denmark |
| DJI | – | Djibouti |
| DMA | – | Dominica |
| DOM | – | Dominican Republic |
| ECU | – | Ecuador |
| EGY | – | Egypt |
| SLV | – | El Salvador |
| GNQ | – | Equatorial Guinea |
| ERI | – | Eritrea |
| EST | – | Estonia |
| ETH | – | Ethiopia |
| FLK | – | Falkland Islands (Malvinas) |
| FRO | – | Faroe Islands |
| FJI | – | Fiji |
| FIN | – | Finland |
| FRA | – | France |
| GUF | – | French Guiana |
| PYF | – | French Polynesia |
| ATF | – | French Southern Territories |
| GAB | – | Gabon |
| GMB | – | Gambia |
| GEO | – | Georgia |
| DEU | – | Germany |
| GHA | – | Ghana |
| GIB | – | Gibraltar |
| GRC | – | Greece |
| GRL | – | Greenland |
| GRD | – | Grenada |
| GLP | – | Guadeloupe |
| GUM | – | Guam |
| GTM | – | Guatemala |
| GGY | – | Guernsey |
| GIN | – | Guinea |
| GNB | – | Guinea-Bissau |
| GUY | – | Guyana |
| HTI | – | Haiti |
| HMD | – | Heard Island and McDonald Islands |
| VAT | – | Holy See (Vatican City State) |
| HKG | – | Hong Kong, Special Administrative Region of China |
| HND | – | Honduras |

| | | |
|---|---|---|
| HUN | – | Hungary |
| ISL | – | Iceland |
| IND | – | India |
| IDN | – | Indonesia |
| IRN | – | Iran, Islamic Republic of |
| IRQ | – | Iraq |
| IRL | – | Ireland |
| IMN | – | Isle of Man |
| ISR | – | Israel |
| ITA | – | Italy |
| JAM | – | Jamaica |
| JPN | – | Japan |
| JEY | – | Jersey |
| JOR | – | Jordan |
| KAZ | – | Kazakhstan |
| KEN | – | Kenya |
| KIR | – | Kiribati |
| PRK | – | Korea, Democratic People's Republic of |
| KOR | – | Korea, Republic of |
| KWT | – | Kuwait |
| KGZ | – | Kyrgyzstan |
| LAO | – | Lao PDR |
| LVA | – | Latvia |
| LBN | – | Lebanon |
| LSO | – | Lesotho |
| LBR | – | Liberia |
| LBY | – | Libyan Arab Jamahiriya |
| LIE | – | Liechtenstein |
| LTU | – | Lithuania |
| LUX | – | Luxembourg |
| MAC | – | Macao, Special Administrative Region of China |
| MKD | – | Macedonia, Republic of |
| MDG | – | Madagascar |
| MWI | – | Malawi |
| MYS | – | Malaysia |
| MDV | – | Maldives |
| MLI | – | Mali |
| MLT | – | Malta |
| MHL | – | Marshall Islands |
| MTQ | – | Martinique |
| MRT | – | Mauritania |
| MUS | – | Mauritius |
| MYT | – | Mayotte |
| MEX | – | Mexico |
| FSM | – | Micronesia, Federated States of |
| MDA | – | Moldova |
| MCO | – | Monaco |
| MNG | – | Mongolia |
| MNE | – | Montenegro |
| MSR | – | Montserrat |
| MAR | – | Morocco |
| MOZ | – | Mozambique |
| MMR | – | Myanmar |
| NAM | – | Namibia |
| NRU | – | Nauru |
| NPL | – | Nepal |
| NLD | – | Netherlands |
| NCL | – | New Caledonia |
| NZL | – | New Zealand |
| NIC | – | Nicaragua |
| NER | – | Niger |
| NGA | – | Nigeria |
| NIU | – | Niue |
| NFK | – | Norfolk Island |
| MNP | – | Northern Mariana Islands |
| NOR | – | Norway |
| OMN | – | Oman |
| PAK | – | Pakistan |
| PLW | – | Palau |
| PSE | – | Palestinian Territory, Occupied |
| PAN | – | Panama |
| PNG | – | Papua New Guinea |
| PRY | – | Paraguay |
| PER | – | Peru |
| PHL | – | Philippines |
| PCN | – | Pitcairn |
| POL | – | Poland |
| PRT | – | Portugal |
| PRI | – | Puerto Rico |
| QAT | – | Qatar |
| REU | – | Réunion |
| ROU | – | Romania |
| RUS | – | Russian Federation |
| RWA | – | Rwanda |
| BLM | – | Saint-Barthélemy |
| SHN | – | Saint Helena |
| KNA | – | Saint Kitts and Nevis |
| LCA | – | Saint Lucia |
| MAF | – | Saint-Martin (French part) |
| SPM | – | Saint Pierre and Miquelon |
| VCT | – | Saint Vincent and Grenadines |
| WSM | – | Samoa |
| SMR | – | San Marino |
| STP | – | Sao Tome and Principe |
| SAU | – | Saudi Arabia |
| SEN | – | Senegal |
| SRB | – | Serbia |
| SYC | – | Seychelles |
| SLE | – | Sierra Leone |
| SGP | – | Singapore |
| SVK | – | Slovakia |
| SVN | – | Slovenia |
| SLB | – | Solomon Islands |
| SOM | – | Somalia |
| ZAF | – | South Africa |
| SGS | – | South Georgia and the South Sandwich Islands |
| SSD | | South Sudan |
| ESP | – | Spain |
| LKA | – | Sri Lanka |
| SDN | – | Sudan |
| SUR | – | Suriname * |
| SJM | – | Svalbard and Jan Mayen Islands |
| SWZ | – | Swaziland |
| SWE | – | Sweden |
| CHE | – | Switzerland |

| | | | | | |
|---|---|---|---|---|---|
| SYR | – | Syrian Arab Republic | UKR | – | Ukraine |
| TWN | – | Taiwan, Republic of China | ARE | – | United Arab Emirates |
| TJK | – | Tajikistan | GBR | – | United Kingdom |
| TZA | – | Tanzania *, United Republic of | USA | – | United States of America |
| THA | – | Thailand | UMI | – | United States Minor Outlying Islands |
| TLS | – | Timor-Leste | URY | – | Uruguay |
| TGO | – | Togo | UZB | – | Uzbekistan |
| TKL | – | Tokelau | VUT | – | Vanuatu |
| TON | – | Tonga | VEN | – | Venezuela (Bolivarian Republic of) |
| TTO | – | Trinidad and Tobago | VNM | – | Viet Nam |
| TUN | – | Tunisia | VIR | – | Virgin Islands, US |
| TUR | – | Turkey | WLF | – | Wallis and Futuna Islands |
| TKM | – | Turkmenistan | ESH | – | Western Sahara |
| TCA | – | Turks and Caicos Islands | YEM | – | Yemen |
| TUV | – | Tuvalu | ZMB | – | Zambia |
| UGA | – | Uganda | ZWE | – | Zimbabwe |

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