

TO: Subscribers to the NAIC *Annual Statement Instructions* – Health
FROM: Calvin Ferguson, Senior Insurance Reporting Analyst
DATE: September 1, 2017
RE: 2017 Health Annual Statement Instructions

Enclosed please find a complete set of 2017 annual statement instructions. Revision bars throughout the instruction manual in the left margin identify changes from 2016 instructions.

The current instructions are printed in loose-leaf, three-hole drilled format, and are shipped with tabs. The NAIC will ship a binder to new subscribers. For existing subscribers, please utilize your existing binders, as new binders will not be shipped each year.

Updates to the instructions included in this manual are available on the NAIC website www.naic.org/cmt_e_app_blanks.htm. Information regarding updates is also printed on the instructions cover page.

For instructions content questions, please contact me at cferguson@naic.org. If you need additional copies or have any questions about your order, please contact an NAIC representative at prodserv@naic.org.

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Official NAIC Annual Statement Instructions

Health

**For the 2017 reporting year
Printed September 2017**

This guidance is adopted by the NAIC as of June 2017. Please note that there can be modifications to the instructions included in this manual from year to year as such guidance is subject to the maintenance process. To address this, the NAIC has a website dedicated to providing the holder of this manual with the latest information impacting quarterly and annual statement instructions.

Website: www.naic.org/cmt_e_app_blanks.htm



The NAIC is the authoritative source for insurance industry information. Our expert solutions support the efforts of regulators, insurers and researchers by providing detailed and comprehensive insurance information. The NAIC offers a wide range of publications in the following categories:

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Information about statutory accounting principles and the procedures necessary for filing financial annual statements and conducting risk-based capital calculations.

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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.

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INSTRUCTIONS

For Completing Health Annual Statement Blank

FOREWORD

Line titles and column 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 question 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.

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 on applicable page. Include an identifying title with each entry. Report the 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 insufficient 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 44 (overflow page) followed by 44.1, 44.2, 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 aaa	\$	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		<u>300,000</u>
2599.	TOTAL (Lines 2501 through 2503 plus 2598) (Page 2, Line 25)	\$	1,400,000

Overflow Page

Page 2 – Continuation

Balance Sheet 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 iiiii		<u>5,000</u>
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.

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INDEX

The annual statement shall contain an alphabetized index on the last page of the hardcopy statement, which references the title and page number of all of the pages that are required to be included in that filing. The NAIC shall maintain, and place on its Website at www.naic.org/cmte_e_app_blanks.htm, the alphabetized index for all statement types that is required to be included in the hardcopy of the statement. The above is only required on the March 1 filing, and specifically excludes any supplements.

GENERAL

The annual statement is to be completed in accordance with the *Annual Statement Instructions and Accounting Practices and Procedures Manual* except to the extent that state law, rules or regulations are in conflict with these publications. In cases of conflict, the health annual statement will be filed pursuant to such state's filing requirements. The domiciliary state's insurance regulatory authority shall maintain full discretion in determining which NAIC annual statement blank must be filed. The annual statement blank filed with the domiciliary state shall be the blank submitted to, and maintained by, the NAIC, and barring conflict as described above, should be filed with all jurisdictions in which the reporting entity is licensed.

1. **Health Statement Test:**

If a reporting entity completes the health annual statement for the reporting year, the reporting entity must complete the Health Statement Test.

The Health Statement Test is designed to determine whether a reporting entity reports predominantly health lines of business. Health lines include hospital or medical policies or certificates, comprehensive major medical expense insurance and managed care contracts and exclude other health coverage such as credit insurance, disability income coverage, automobile medical coverage, workers' compensation, accidental death and dismemberment policies and long-term care policies.

Passing the Test:

A reporting entity is deemed to have passed the Health Statement Test if the values for the premium and reserve ratios in the Health Statement Test equal or exceed 95% for both the reporting and prior year.

Failing the Test:

If a reporting entity, licensed as a life, accident and health or property and casualty insurer in its domiciliary state, is required to file the health annual statement for the reporting year and does not pass the Health Statement Test in the reporting year, it will revert to the annual statement form and risk-based capital report associated with the type of license held in its domestic state in the first quarter of the second year following the reporting year. If a reporting entity, licensed as a health insurer in its domiciliary state, is required to file the health annual statement for the reporting year and does not pass the Health Statement Test in the reporting year, it should continue to file the health annual statement.

Variations from following these instructions:

If a reporting entity's domestic regulator requires the reporting entity to complete an annual statement form and risk-based capital report that differs from these instructions, the domestic regulator shall notify the reporting entity in writing by June 1 of the year following the reporting year in which a Health Statement Test is submitted.

2. **Date of filing:**

The statement is required to be filed on or before March 1, unless otherwise provided.

3. 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.
4. 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.
5. 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.
6. 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; and
 - 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, Part 1 – (excluding Part 1A)
- Schedule DA, Part 1
- Schedule DB, Parts A-D
- Schedule DC, Parts 1 and 2
- Schedule E, Parts 2 and 3
- Long Term Care Experience Reporting Forms
- Medicare Supplement Insurance Experience Exhibit

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 the Long-Term Care Experience Reporting Forms 1 through 5 and 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 (Ø) 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 not 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).

7. 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.
8. 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.
9. 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.
10. The "include" and "exclude" are examples only and are not intended to be all-inclusive.
11. If this report does not contain the information asked for in the blanks or is not prepared in accordance with these instructions, it will not be considered filed.
12. 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.

13. 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.
14. 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.
15. 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 27, 27.1, 27.2 etc., and Part 2 – Health Interrogatories 28, 28.1, 28.2, 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.

16. Unless otherwise specified, report all alphabetic code and YES/NO responses to interrogatories, exhibits and schedules in solid capital letters.
17. 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.
18. Assets and liabilities shall be offset and reported net only when a valid right of setoff exists and if not prohibited by specific statements of statutory accounting principles. Refer to *SSAP No. 64—Offsetting and Netting of Assets and Liabilities* for accounting guidance.
19. 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 5, Cumulative Effect of Changes in Accounting Principles line. 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) to 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 schedules (e.g., Underwriting and Investment Expense - Part 2A) are reflected in the current year's schedules with appropriate notations in the Notes to Financial Statements.
20. 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. 15* for accounting principles and disclosure requirements for related party transactions.
21. 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.
22. 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.
23. 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.

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ACTUARIAL OPINION

1. There is to be included on or attached to Page 1 of the annual statement, the statement of the appointed actuary setting forth his or her opinion relating to claim reserves and any other actuarial items. The appointed actuary must be a qualified health actuary 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. Within five business days of the appointment, the company shall notify the domiciliary commissioner of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall state in the notice that the person meets the requirements of a qualified health actuary. Once these notices are 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 health actuary. "Qualified health actuary," as used herein means a member in good standing of the American Academy of Actuaries, or a person recognized by the American Academy of Actuaries as qualified for such actuarial valuation.

If an actuary who was the appointed actuary is replaced, the insurer shall within five 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 10 business days of the above notification stating whether in the 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, scopes, procedure, 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 insurer shall also in writing request such former actuary to furnish a letter addressed to the insurer stating whether the actuary agrees with the statements contained in the insurer's letter and, if not, stating the reasons he 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 Memorandum 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 Memorandum were made available. A separate Actuarial Opinion is required for each company filing an Annual Statement.

The Actuarial Opinion and the supporting Actuarial Memorandum and work papers must conform to the appropriate Actuarial Standards of Practice (ASOPs), as promulgated by the Actuarial Standards Board.

1A. Definitions

"Insurer" means an entity authorized to write accident and health contracts under the laws of any state and which files on the Health Blanket.

"Actuarial Memorandum" means a document or other presentation prepared as a formal means of conveying the appointed actuary's professional conclusions and recommendations, of recording and communicating the methods and procedures, of ensuring that the parties addressed are aware of the significance of the appointed actuary's opinion or findings and that documents the analysis underlying the opinion. The expected content of the memorandum is further described in Section 1C.

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 he or she deems the exemption inappropriate.

A copy of the approved exemption must be provided in lieu of the Actuarial Opinion with the Annual Statement in all jurisdictions in which the company is authorized.

Exemption For Small Companies

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.

Exemption for Insurers under Supervision or Conservatorship

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.

Exemption for Nature of Business

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 Actuarial Opinion would exceed the lesser of:

- (i) One percent 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 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.

- 1C. The Actuarial Memorandum and underlying actuarial work papers supporting the Actuarial Opinion will be available for regulatory examination for seven years.

The Actuarial Memorandum contains significant proprietary information. It is expected that the Memorandum will be held confidential and is not intended for public inspection. The Memorandum must be available by May 1 of the year following the year-end for which the opinion was rendered or within two weeks after a request from an individual state commissioner.

The Actuarial Memorandum should conform to the documentation and disclosure requirements of the Standards of Practice as promulgated from time to time by the Actuarial Standards Board. The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, 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., claim lags) to the conclusions.

The Memorandum must also include:

- An exhibit which ties to the Annual Statement and compares the actuary's conclusions to the carried amounts;
- Documentation of the required reconciliation from the data used for analysis to the Underwriting and Investment Exhibit, Part 2B;
- Any other follow-up studies documenting the prior year's claim liability and claim reserve run-off as considered necessary by the actuary; and
- Documentation of the assumptions used for contract reserves and any material changes to those assumptions from the assumptions used in the previous memorandum. Such documentation should address any studies which support the adequacy of any margin in such reserves.

2. The Actuarial Opinion must consist of the following sections:

- A TABLE of KEY INDICATORS – alerts the reader to the type of opinion and any changes from the prescribed language;
- IDENTIFICATION section – identifies the appointed actuary;
- SCOPE section – identifies the subjects on which an opinion is to be expressed and describes the scope of the appointed actuary’s work;
- RELIANCE section – identifies anyone the actuary has relied upon for the underlying records and/or summaries;
- OPINION section – expresses the appointed actuary’s opinion with respect to the subjects identified in the Scope section; and
- RELEVANT COMMENTS section.

Each section must be clearly designated. There is prescribed wording for each section. If the appointed actuary changes this wording or adds additional wording for clarification, the appropriate box in the TABLE of KEY INDICATORS must be appropriately checked. The prescribed wording should be modified only if needed to meet the circumstances of a particular case, and the actuary should, in any case, use language that clearly expresses his or her professional judgment.

3. The TABLE of KEY INDICATORS is to be at the top of the Opinion and the appropriate boxes are to be checked consistent with the remainder of the opinion. The only options are those presented below:

This Opinion is Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only Prescribed wording with Additional Wording Revised Wording

SCOPE SECTION

Prescribed Wording Only Prescribed wording with Additional Wording Revised Wording

RELIANCE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes “Deviation from Standard” wording regarding conformity with an Actuarial Standard of Practice

4. The IDENTIFICATION section should specifically indicate the appointed actuary’s relationship to the company, qualifications for acting as appointed actuary, date of appointment, and should specify that the appointment was made by the Board of Directors, or its equivalent or by a committee of the Board.

A person who is not a Member of the American Academy of Actuaries but is recognized by the Academy as qualified must attach, each year, a copy of the approval letter from the Academy.

This section should contain only one of the following:

For a Member of the American Academy of Actuaries who is an employee of the organization, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of actuary), am an employee of (named organization) and a member of the American Academy of Actuaries. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

For a consultant who is a Member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of consultant), am associated with the firm of (name of firm). I am a member of the American Academy of Actuaries and have been retained by the (name of organization) to render an opinion with regard to loss reserves, actuarial liabilities and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

For an employee other than a member of the American Academy of Actuaries, the opening paragraph of the opinion should contain both the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title), am an employee of (name of organization) and am recognized by the American Academy of Actuaries as qualified to perform actuarial valuations for organizations of this kind. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions.”

For a consultant other than a member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of consultant), am associated with the firm of (name of firm). I am recognized by the American Academy of Actuaries as qualified to perform actuarial valuations for organizations of this kind and have been retained by the (name of organization) with regard to such valuation. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions.”

5. The SCOPE section should contain only the following statement (including all specified lines even if the value is zero) if the appointed actuary is using the prescribed wording:

“I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 20__.

- A. Claims unpaid (Page 3, Line 1);
- B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);
- C. Unpaid claims adjustment expenses (Page 3, Line 3);
- D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves, premium deficiency reserves and additional policy reserves from the Underwriting and Investment Exhibit, Part 2D;
- E. Aggregate life policy reserves (Page 3, Line 5);
- F. Property/casualty unearned premium reserves (Page 3, Line 6);
- G. Aggregate health claim reserves (Page 3, Line 7);
- H. Any other loss reserves, actuarial liabilities, or related items presented as liabilities in the annual statement; and
- I. Specified actuarial items presented as assets in the annual statement.”

Items H and I are not intended to include the liabilities and assets associated with benefits provided to employees of the organization, or the organization's directors or trustees, except to the extent that such benefits are provided through insurance or annuity contracts of a type that the organization is authorized to issue in the ordinary course of its business. For example, liabilities for employee pensions generally would not be within the scope of the Actuarial Opinion. However, if the organization is licensed to issue life insurance, then liabilities arising from life insurance policies or certificates issued by the organization to its employees would be within the scope of the Actuarial Opinion just as would the comparable liabilities arising from policies or contracts issued to unrelated parties.

If there are any items included in items H or I, they should be listed using appropriate annual statement captions and line references. The phrase "Not Applicable" should be placed under the item description for either item H or I if there is nothing to be listed. Any listings under items H and I do not constitute either "additional wording" or "revised wording" for purposes of the Table of Key Indicators.

If for either item H or item I there is more than one line item to be listed, the line items under the general H or I heading should be numbered sequentially.

The amounts of any assets listed under item I should be the gross amount of the asset (Page 2, Column 1 of the Annual Statement), not the net admitted amount (Page 2, Column 3).

For items A through G listed in the SCOPE section and each sub-line for items H and I, the item label should be followed by the amount of that item as reported in the annual statement. The stated amounts do not constitute either "additional wording" or "revised wording" for purposes of the Table of Key Indicators. Where the phrase "Not Applicable" is used in item H or item I, it means that there are no such items to be included in the Opinion, so there should be no value shown as a stated amount.

For example:

I. Specified actuarial items presented as assets in the annual statement, as follows:

1. Accrued retrospective premiums (Page 2, line 15.3, column 1)

6. The RELIANCE section should contain only one of the following if the appointed actuary is using the prescribed wording:

If the appointed actuary has examined the liability records, the reliance section should include only the following statement:

"My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic liability records to the Underwriting and Investment Exhibit, Part 2B of the company's current annual statement."

If the appointed actuary has not examined the underlying records, but has relied upon data (e.g., asset or liability records) prepared by the company, the reliance section should include only the following statement:

"In forming my opinion on [specify types of reserves] I relied upon data prepared by [name and title of company officer certifying liability records or other data] as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit, Part 2B of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary."

Attached to the appointed actuary's opinion should be a statement by each person relied upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall each provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

7. The OPINION section should include only the following statement if the appointed actuary is using the prescribed wording:

“In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the Insurance Laws and regulations of the state of [state of domicile] and:

(Use of one the following phrases, as appropriate, is considered prescribed wording. Replacing “[list states]” with an actual list of states in parentheses is also considered prescribed wording.)

are at least as great as the minimum aggregate amounts required by any state,

or

are at least as great as the minimum aggregate amounts required by any state with the exception of the following states [list states]. For each listed state a separate statement of actuarial opinion was submitted to that state that complies with the requirements of that state;

- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
- F. Include appropriate provision for actuarial items that ought to be established.

The Underwriting and Investment Exhibit Part 2 was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.”

8. The opinion may include a RELEVANT COMMENTS section if the actuary so desires. For example, if there has been any material change in the assumptions and/or methods from those previously employed, a portion of this section can describe that change in the statement of opinion by including a description of the changes such as:

“A material change in assumptions (and/or methods) was made during the past year but such change accords with accepted actuarial standards.” A brief description of the change should follow. A more detailed analysis should be contained in the Actuarial Memorandum.

The addition of new coverages requiring underlying assumptions that differ from assumptions used for prior coverages is not a change in assumption within the meaning of this paragraph.

One or more additional paragraphs may be needed in individual cases to:

- Address topics of regulatory importance;
- State a qualification of his or her opinion, if the actuary considers it necessary; or
- Explain some aspect of the annual statement that is not already sufficiently explained.

9. If the appointed actuary is able form an opinion that is not qualified, adverse or inconclusive as those terms are defined below, he or she should issue a statement of unqualified opinion. If the opinion is adverse, qualified or inconclusive, the appointed actuary should issue an adverse, qualified or inconclusive opinion explicitly stating the reason(s) for such opinion. In all circumstances the category of opinion should be explicitly identified in the TABLE of KEY INDICATORS section of the Actuarial Opinion.

An adverse opinion is an actuarial opinion in which the appointed actuary determines that the reserves and liabilities are not good and sufficient. (An adverse opinion does not meet item D of Section 7.)

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 opinion. Such a qualified opinion should state whether the stated reserve amount makes a good and sufficient 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. (A qualified opinion does not meet one or more of the items A, B, C or F of Section 7.)

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 should issue an inconclusive opinion. An inconclusive opinion shall include a description of the reasons a conclusion could not be reached.

10. The Actuarial Opinion 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 Actuary

Printed Name of Actuary

Address of Actuary

Telephone number of Actuary

Date Opinion was Rendered

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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*.

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MANAGEMENT'S DISCUSSION AND ANALYSIS¹

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 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 premium, 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, 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 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 horizon.
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, or 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 resources 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:
- 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;
 - 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;
 - Amounts receivable or payable, and revenues, expenses and cash flows resulting from the arrangements;
 - 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;
 - The amounts and key terms and conditions of purchase and sale agreements between the reporting entity and the counterparties in any such arrangements; and
 - 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.

Not for Distribution

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.

Not for Distribution

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 on active, developing and potential cybersecurity threats from regulatory agencies.

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.

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 <i>SSAP No. 26R—Bonds</i> and <i>SSAP No. 43R—Loan-Backed and Structured Securities</i> .
			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. 30—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. 41—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 owned 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 6.

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. 61—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. 21—Other Admitted Assets*, 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. 21—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. 61R—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 of 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 Plans Receivables*, for accounting guidance.
- Exclude: Pharmaceutical rebates of insured plans. These amounts should be reported on Line 14.
- 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 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 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 asset, 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. 3—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 Plans 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—Classification 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 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. 21—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.

LIABILITIES, CAPITAL AND SURPLUS

Column 1 – Covered
Include: Liability categories not included in Column 2. State statute or regulation may define these liabilities.

Column 2 – Uncovered
Include: The liabilities for the costs to the reporting entity for health care services that are the obligation of the reporting entity, for which an enrollee may also be liable in the event of the reporting entity's insolvency and for which no alternative arrangements have been made that are acceptable to the commissioner (director). These costs will vary in type and amount, depending on the arrangements of the reporting entity. They may include out-of-area services, referral services, and hospital services.
Exclude: Services when a provider has agreed not to bill the enrollee even though the provider is not paid by the reporting entity.
Services that are guaranteed, insured or assumed by a person or organization other than the reporting entity.

Line 1 – Claims Unpaid (less \$_____ reinsurance ceded)
Include: Claims reported and in the process of adjustment.
Percentage withholdings from payments made to contracted providers.
Incurred but not reported losses (IBNR).
Recoverables for anticipated coordination of benefits (COB) and subrogation.
Exclude: Liabilities relating to uninsured plans and the uninsured portion of partially insured plans.
Medical incentives under contractual arrangements with providers.
Column 3 should equal the amount reported in the Underwriting and Investment Exhibit, Part 2A, Column 1, Line 4. Column 3 plus the inside amount should equal Exhibit 4, Column 7, Line 0799999.
Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Line 2 – Accrued Medical Incentive Pool and Bonus Amounts
Include: Liability for arrangements with providers and other risk sharing arrangements whereby the reporting entity agrees to share savings with contracted providers.
Exclude: Percentage withholdings from providers that are reported with claims unpaid.
Column 3 should equal the amount reported in Underwriting and Investment Exhibit, Part 2, Column 1, Line 5.
Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Line 3 – Unpaid Claims Adjustment Expenses

This reserve should provide for the estimated expenses necessary to adjust all unpaid claims, without consideration of payments made to third-party administrators, management companies or other entities not specifically covered by a reinsurance contract.

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance.

Line 4 – Aggregate Health Policy Reserves

Include: Aggregate reserves for accident and health policies from Underwriting and Investment Exhibit, Part 2D, Line 8, Column 1 including payables for return premium for contracts subject to redetermination.

Exclude: Reserves relating to uninsured plans and the uninsured portion of partially insured plans.

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

Inset amount should be the accrued amount for the medical loss ratio rebate as provided for in Section 2718(b)(1)(A) of the Public Health Service Act net of reinsurance. Per *SSAP No. 66*, retrospective premium adjustments shall be estimated based on the experience to date.

Inset amount should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(12), Column 5.

Line 5 – Aggregate Life Policy Reserves

Include: Aggregate reserves for life policies: generally calculated as the excess of the present value of future benefits to be paid to or on behalf of policyholder, less the present value of future net premiums. These should be reported net of reinsurance.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* and *SSAP No. 51R—Life Contracts* for accounting guidance.

Line 6 – Property/Casualty Unearned Premium Reserves

Include: Unearned premium reserves for property/casualty business. These should be reported net of reinsurance.

Refer to *SSAP No. 53—Property Casualty Contracts—Premiums* for accounting guidance.

Line 7 – Aggregate Health Claim Reserves

Include: Aggregate reserves for accident and health claims from Underwriting and Investment Exhibit, Part 2D, Line 14, Column 1.

Exclude: Reserves relating to uninsured plans and the uninsured portion of partially insured plans.

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

- Line 8 – Premiums Received in Advance
- Refer to *SSAP No. 51R—Life Contracts* and *SSAP No. 54—Individual and Group Accident and Health Contracts* for accounting guidance.
- Line 9 – General Expenses Due or Accrued
- Include: Amounts due to creditors (trade vendors rather than health care providers) for the acquisition of goods and services on a credit basis.
- Exclude: Any amounts withheld or retained by the company acting as agent for others.
- Amounts should agree with Underwriting and Investment, Part 3, Column 3 + Column 4, Line 27.
- Line 10.1 – Current Federal and Foreign Income Tax Payable and Interest Thereon
- 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 10.2 – Net Deferred Tax Liability
- Refer to *SSAP No. 101—Income Taxes* for accounting guidance.
- Line 11 – Ceded Reinsurance Premiums Payable (not including commissions)
- Include: Reinsurance premiums associated with those in course of payment, premium instalments booked but deferred and not yet due, and accrued retrospective ceded premiums.
- Deduct: Commissions receivable on reinsurance ceded business.
- Line 12 – Amounts Withheld or Retained for the 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).
- 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 liabilities in the statement.
- Exclude: Liabilities relating to uninsured accident and health plans and the uninsured portions of partially insured accident and health plans.
- Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Line 13 – Remittances and Items Not Allocated

Report a liability for cash receipts that cannot be identified for a specific purpose or, for other reasons, cannot be applied to a specific account when received. Refer to *SSAP No. 67—Other Liabilities* for accounting guidance.

Do not offset credit suspense balances by unrelated debit suspense balances. The latter, to the extent not offset by related liability items, should be entered as a separate item on Page 2.

Include: Items in suspense.

Line 14 – Borrowed Money and Interest Thereon

Report the unpaid balance outstanding at yearend 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 15 – Amounts Due 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 16 – 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 17 – Payable for Securities
- Include: Amounts that are due to brokers when securities have been purchased, but such amounts have not yet been paid.
- Line 18 – Payable for Securities Lending
- Include Liability for securities lending collateral received by the reporting entity that can be reinvested or repledged.
- Line 19 – Funds Held Under Reinsurance Treaties with Reinsurers
- Include: Total net amount from Schedule S, Part 4 (Column 12 plus Column 13) plus Schedule S, Part 5 ((Columns 20 and 21) x 1000), to the extent that such funds were included as a part of the total assets on Page 2 of the statement and were not offset by a directly related credit on Page 2.
- Line 20 – Reinsurance in Unauthorized and Certified Companies
- Include: Amount from Schedule S, Part 4 (Column 8 minus Column 15) plus Schedule S, Part 5 (Column 26 x 1000), for each reinsurer shown.
- Line 21 – Net Adjustments 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 Adjustments in Assets and Liabilities Due to Foreign Exchange Rates, or, if a liability on Page 3, Line 21, Net Adjustments in Assets and Liabilities Due to Foreign Exchange Rates. Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.
- Line 22 – Liability for Amounts Held Under Uninsured Plans
- Include: Funds held by an administrator in its general assets for the benefit of an uninsured plan or for funds that may be owed by the administrator in connection with the administration of an uninsured plan.
- Pharmaceutical rebates attributable to uninsured plans that have been collected by the reporting entity.
- The portion of uncollected pharmaceutical rebates attributable to uninsured plans (included on Page 2, Line 17) that are due to the uninsured plan.
- Refer to *SSAP No. 47—Uninsured Plans* and *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.

- Line 23 – Aggregate Write-ins for Other Liabilities
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 23 for Other Liabilities.
- Line 25 – Aggregate Write-ins for Special Surplus Funds
- Enter the total of the write-ins listed in schedule “Details of Write-ins Aggregated at Line 25 for Special Surplus Funds.” Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for additional guidance.
- Line 26 – 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 common stock is the number of shares that the state has authorized a company to issue.
- Outstanding common stock is the number of authorized shares that have been issued and that are presently held by stockholders (excluding treasury stock).
- Issued common stock is the cumulative total number of authorized shares that have been issued and are outstanding. The number of issued shares includes treasury stock.
- Line 27 – 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 common stock.
- Line 28 – Gross Paid-in and Contributed Surplus
- This line should be the gross amount of paid-in and contributed surplus without reduction for commissions or other expenses in connection with such transactions, but reduced by a distribution declared and paid as a return of such surplus.
- Include: Amounts paid and contributed in excess of the par or stated value of shares issued.
- Capital donated to nonprofit organizations. Describe the nature of donation as well as any restrictions on this capital in the Notes to Financial Statements.
- Exclude: Loans.

Not for Distribution

Line 29 – 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 costs to operations when incurred.

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

Line 30 – 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 30 for Other-Than-Special Surplus Funds.

Line 31 – Unassigned Funds (Surplus)

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

Include but not limited to:

The cumulative effect of Net Income, Unrealized Capital Gains and Losses on Investments, Effect of Exchange Rate Fluctuations, Nonadmitted Assets, Provision for Reinsurance, Dividends to Stockholders, Changes in Accounting Principles, Correction of an Error, Stock Issuance Expenses, Change in Surplus as a Result of Reinsurance, Changes in Deferred Tax Assets and Deferred Tax Liabilities, Fund balances for not-for-profit companies. Amounts for quasi-reorganizations. Reductions for unearned employee stock ownership plan shares and Changes in the Additional Minimum Pension Liability.

Refer to *SSAP No. 92—Surplus and Quasi-Reorganizations* and *SSAP No. 102—Pensions* for accounting guidance.

Line 32 – 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 spaced provided in Lines 32.1 and 32.2 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 ownership plan.

Detail of Write-ins Aggregated at Line 23 for Other Liabilities

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

- Include:
- Uncashed drafts and checks that are pending escheatment to a state.
 - Interest paid in advance on mortgage loans, rents paid in advance and retroactive reinsurance amounts, if any.
 - Servicing liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
 - Unearned compensation for employee stock ownership plan stock options issued and stock purchase and award plans. Refer to *SSAP No. 102—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.

Details of Write-ins Aggregated at Line 25 for Special Surplus Funds

- Include:
- Voluntary and general contingency reserves and subscriber accounts that represent individual subscriber contributions.
 - Estimated subsequent year assessment for the federal Affordable Care Act (ACA) Section 9010 fee for the data year reclassified from unassigned surplus. See *SSAP No. 106—Affordable Care Act Section 9010 Assessment* for accounting guidance.

Details of Write-ins Aggregated at Line 30 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. List separately the aggregate amount of all surplus notes required, or those that are a prerequisite for purchasing an insurance policy and that are held by the policyholder.

Not for Distribution

STATEMENT OF REVENUE AND EXPENSES

Report fully accrued revenue and expenses as defined below, for the period. Report uncovered expenses appropriately for medical, hospital and administration. Lines 9 through 13 should be reported gross of withholds and net of applicable coordination of benefits, deductibles, co-payments, risk share, and provider discounts.

Column 1 – Uncovered Expenses

Costs discussed previously in defining uncovered liabilities.

Line 1 – Member Months

Column 2 should equal Exhibit 1, Enrollment by Product Type, Line 7, Column 6.

Line 2 – Net Premium Income (including \$____ non-health premium income)

Should equal the total premiums reported in the Underwriting and Investment Exhibit, Part 1, Line 12, Column 4, direct written premiums plus reinsurance assumed less reinsurance ceded.

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

Include: Accrued return premium adjustments for contracts subject to redetermination.

Line 3 – Change in Unearned Premium Reserves and Reserve for Rate Credits

Exclude: Reserve relating to uninsured plans and the uninsured portion of partially insured plans.

Line 4 – Fee-for-Service (net of \$____ medical expenses)

Include: Revenue recognized by the reporting entity for provision of health services to non-members by reporting entity providers and to members through provision of health services excluded from their prepaid benefit packages. Include in the include amount, the medical expenses associated with fee-for-service business.

Line 5 – Risk Revenue

Include: Amounts charged by the reporting entity as a provider or intermediary for specified medical services (e.g., full professional, dental, radiology, etc.) provided to the policyholders or members of another insurer or reporting entity.

Unlike premiums that are collected from an employer group or individual member, risk revenue is the prepaid (usually on a capitated basis) payment, made by another insurer or reporting entity to the reporting entity in exchange for services to be provided or offered by such organization.

Line 6 – Aggregate Write-ins for Other Health Care Related Revenues

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6 for Other Health Care Related Revenues.

Line 7 – Aggregate Write-ins for Other Non-health Revenues

Enter the total of the write-ins in schedule Details of Write-ins Aggregate at Line 7 for Other Non-health Revenues.

Line 9 – Hospital/Medical Benefits

Include: Expenses for physician services provided under contractual arrangement to the reporting entity.

Salaries, including fringe benefits, paid to physicians for delivery of medical services. Capitation payments by the reporting entity to physicians for delivery of medical services to reporting entity subscribers.

Fees paid by the reporting entity to physicians on a fee-for-service basis for delivery of medical services to reporting entity subscribers. This includes capitated referrals.

Inpatient hospital costs of routine and ancillary services for reporting entity members while confined to an acute care hospital.

Charges for non-reporting entity physician services provided in a hospital are included in this line item only if included as an undefined portion of charges by a hospital to the reporting entity. (If separately itemized or billed, physician charges should be included in outside referrals, below.)

The cost of utilizing skilled nursing and intermediate care facilities.

Routine hospital service includes regular room and board (including intensive care units, coronary care units, and other special inpatient hospital units), dietary and nursing services, medical surgical supplies, medical social services, and the use of certain equipment and facilities for which the provider does not customarily make a separate charge.

Ancillary services may also include laboratory, radiology, drugs, delivery room, physical therapy services, other special items and services for which charges are customarily made in addition to a routine service charge.

Skilled nursing facilities are primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care or rehabilitation service.

Intermediate care facilities are for individuals who do not require the degree of care and treatment that a hospital or skilled nursing-care facility provides, but that do require care and services above the level of room and board.

Report gross of reinsurance. Report net of coordination of benefits, co-payments and subrogation.

Exclude: Expenses for medical personnel time devoted to administrative tasks.

Emergency room and out-of-area hospitalization.

All items meeting the definition of Cost Containment Expenses found in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

- Line 10 – Other Professional Services
- Include: Expenses for other professional providers under contractual arrangement to the reporting entity.
- Salaries, as well as fringe benefits, paid by the reporting entity to non-physician providers licensed, accredited or certified to perform specified health services, consistent with state law, engaged in the delivery of medical services.
- Compensation to personnel engaged in activities in direct support of the provision of medical services. For example, include compensation to pharmacists, dentists, psychologists, optometrists, podiatrists, extenders, nurses, clinical personnel such as ambulance drivers and technicians.
- Exclude: Professional services not meeting this definition. Report these services as administrative expenses. For example, exclude compensation to paraprofessionals, janitors, quality assurance analysts, administrative supervisors, secretaries to medical personnel and medical record clerks.
- Prescription drugs.
- All items meeting the definition of Cost Containment Expenses found in SSAP No. 55—*Unpaid Claims, Losses and Loss Adjustment Expenses*.
- Line 11 – Outside Referrals
- Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations, or out-of-network providers.
- Line 12 – Emergency Room and Out-of-Area
- Include: Expenses for other health delivery services including emergency room costs incurred by members for which the reporting entity is responsible and out-of-area service costs for emergency physician and hospital.
- In the event a member is admitted to the health care facility immediately after seeking emergency room service, emergency service expenses are reported in this line, the expenses after admission are reported in the hospital/medical line, provided the member is seeking services in the service area. Out-of-area expenses incurred, whether emergency or hospital, are reported in this line.
- Line 13 – Prescription Drugs
- Include: Expenses for Prescription Drugs and other pharmacy benefits covered by the reporting entity.
- Exclude: Pharmaceutical rebates relating to insured plans.
- Exclude: Prescription drug charges that are included in a hospital billing which should be classified as Hospital/Medical Benefits on Line 9.
- Line 14 – Aggregate Write-ins for Other Hospital and Medical
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 14 for Other Medical and Hospital.

Line 15 – Incentive Pool, Withhold Adjustments and Bonus Amounts

This category is for adjusting the full medical expenses reported by means of both debit and credit entries. For example, report physician withholds forfeited to the reporting entity as a credit entry. Report amounts incurred due to an arrangement whereby the reporting entity agrees to utilization savings with a provider as a debit entry.

Line 17 – Net Reinsurance Recoveries

Amounts recovered and recoverable from reinsurers on paid losses.

Include: Amounts related to assumed and ceded business.

Line 19 – Non-Health Claims (net)

Include: Claims for life or property/casualty insurance, net of reinsurance.

Line 20 – Claims Adjustment Expenses, Including \$____ Cost Containment Expenses

All expenses incurred in connection with the recording, adjustment and settlement of claims. This includes the total of the expense classification “Other Claim Adjustment Expenses” and all “Cost Containment Expenses” in the Underwriting and Investment Exhibit, Part 3, Analysis of Expenses.

Cost Containment Expenses and Other Claim Adjustment Expenses have been defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*. Refer to SSAP No. 55 for accounting guidance.

The inset amount should equal Column 1, Line 26, Underwriting and Investment Exhibit Part 3.

Line 21 – General Administrative Expenses

Equals the amount reported in Underwriting and Investment Exhibit, Part 3, Column 3, Line 26. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Exclude: All expenses related to cost containment activities in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Line 22 – Increase in Reserves for Life and Accident and Health Contracts (including \$____ increase in reserves for life only)

Include: Increase in policy reserves.

Change in premium deficiency reserve.

- Line 25 – Net Investment Income Earned
- Include: Investment income earned from all forms of investments, including investment fees earned relating to uninsured plans.
- Dividends from Subsidiary Controlled and Affiliated (SCA) entities, joint ventures, partnerships and limited liability companies, less investment expenses, taxes (excluding federal income taxes), licenses, fees, depreciation on real estate and other invested assets.
- Investment income credited to uninsured plans.
- Interest on borrowed money.
- Exclude: Capital gains and losses on investments.
- 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*.
- Line 26 – Net Realized Capital Gains (Losses) Less Capital Gains Tax of _____
- Include: Realized investment related foreign exchange gains/losses.
- Exclude: Unrealized capital gains/losses.
- Line 28 – Net Gain or (Loss) from Agents' or Premium Balances Charged Off
- Include: Agents' or premium balances determined to be uncollectible and written off as losses. Also include recoveries during the current year on balances previously written off.
- Line 29 – Aggregate Write-ins for Other Income or Expenses
- Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 29 for Other Income or Expenses.
- Line 31 – 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 periods.
- Line 32 – Net Income (Loss)
- Excess or deficiency of total revenues over total expenses adjusted for extraordinary items and less federal taxes for period.

Detail of Write-ins Aggregated at Line 6 for Other Health Care Related Revenues

Include: Revenue from sources not covered in the other revenue accounts.

Detail of Write-ins at Line 7 for Other Non-Health Revenues

Include: Revenue from life and property/casualty business (non-premium amounts).
Gains losses on fixed assets.

Details of Write-ins Aggregated at Line 14 for Other Hospital and Medical

Include: Other hospital and medical expenses not covered in the other claims accounts.

Details of Write-ins Aggregated at Line 29 for Other Income or Expenses

Include: As income, interest due from ceding reinsurers on funds held by the ceding company on behalf of the reporting entity (ceding entity).
As an offset to expense, interest due from ceding reinsurers on funds held by the ceding company on behalf of the reporting entity.
Income or expense items not covered in any other account.
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.
Fines and penalties of regulatory authorities.

CAPITAL AND SURPLUS ACCOUNT

- Line 33 – Capital and Surplus Prior Reporting Year
Line 49, Column of the prior year's annual statement.
- Line 34 – Net Income (Loss)
Equals the amount reported on Page 4, Line 32.
- Line 35 – Change in Valuation Basis of Aggregate Policy and Claim Reserves
Refer to SSAP No. 54R—*Individual and Group Accident and Health Contracts* for accounting guidance.
- Line 36 – 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 37 – Change in Net Unrealized Foreign Exchange Capital Gain (Loss)
- Include: Unrealized investment related foreign exchange gains/(losses).
- Exclude: Realized investment foreign exchange gains/losses.
- Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance.
- Line 38 – 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 39.
- Line 39 – Change in Nonadmitted Assets
- Equals the amount reported on Exhibit of Nonadmitted Assets, Line 8, Column 3.
- Line 40 – Change in Unauthorized and Certified Reinsurance
- Equals the amount reported on Page 3, Line 20, Column 4 less Column 3.
- Line 41 – Change in Treasury Stock
- Prior year treasury stock less current year treasury stock.
- Line 42 – Change in Surplus Notes
- Equals the amount reported on Page 3, Line 19, Column 3 less Column 4.
- Line 43 – Cumulative Effect of Changes in Accounting Principles
- Exclude: Corrections of errors in previously issued financial statements. Report corrections of errors on Line 47, Aggregate Write-ins for Gains and Losses in Surplus.
- Changes in accounting estimates. A change in accounting estimate is included in the Statement of Revenue and Expenses.
- Line 44.1 – Capital 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 44.2 – Capital Transferred from Surplus (Stock Dividend)
- Include: The increase in capital resulting from a stock dividend (corresponding to the decrease in surplus shown on Line 45.2).

NOTE: The sum of lines 44.1 through 44.3 should equal the change between years from Liabilities page, lines 26 and 27, current year minus prior year.

Line 45.1 – Surplus Adjustments Paid In

Include: Amounts paid over par for capital stock upon issuance.

Any other infusions of capital/surplus.

Amounts contributed during the period.

This should equal the change between years from Liabilities page, Line 28, column 3 minus column 4. Refer to *SSAP No. 72—Surplus and Quasi-Reorganizations* for accounting guidance.

Line 45.2 – Surplus Transferred to Capital

Include: The decrease in surplus resulting from a stock dividend (corresponding to increase in capital shown on Line 44.2).

Line 46 – Dividends to Stockholders

Report cash dividends declared in the current year.

Include: Dividends on allocated employee stock ownership plan shares.

Exclude: Dividends on unallocated employee stock ownership plan shares.

Line 47 – Aggregate Write-ins for Gains or (Losses) in Surplus

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 47 for Gains or (Losses) in Surplus.

Line 49 – Capital and Surplus End of Reporting Year

Equals the amount reported on Page 3, Line 33, Column 3.

Detail of Write-ins Aggregated at Line 47 for Gains or (Losses) in Surplus

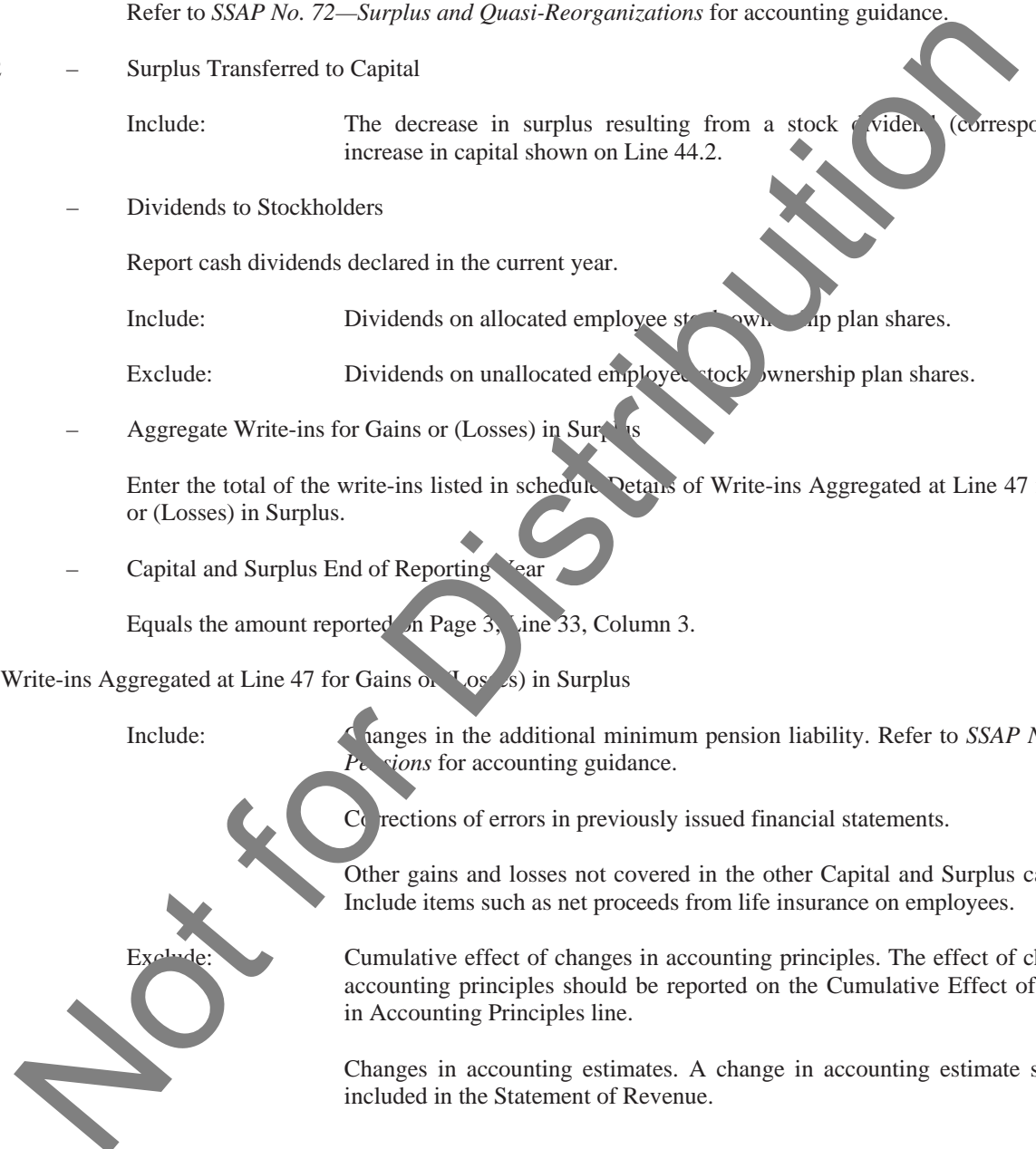
Include: Changes in the additional minimum pension liability. Refer to *SSAP No. 102—Pensions* for accounting guidance.

Corrections of errors in previously issued financial statements.

Other gains and losses not covered in the other Capital and Surplus categories. Include items such as net proceeds from life insurance on employees.

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 Revenue.



CASH FLOW

The Statement of Cash Flow is prepared using the direct method consistent with the Statement of Revenue and Expenses, excluding the effect of current and prior year accruals. All revenue, expenditures, purchase 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, Capital and Surplus pages, as well as the Statement of Revenue and Expenses.

Cash from Operations Worksheet

Ref. # Premiums Collected Net of Reinsurance

- 1.1 Statement of Revenue and Expenses (Page 4 & 5) Line 2 + 35 (In part for policy reserves), current year _____
- 1.2 Assets (Page 2) Line 15 + 16.2 (In part for amounts related to earned premiums) + 16.3 (In part for amounts related to earned premiums), Column 1, current year less previous year _____
- 1.3 Liabilities (Page 3) Line 4 + 5 + 6 + 8 + 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 Revenue and Expenses (Page 4) Line 25, current year _____
- 2.2 Assets (Page 2) Line 14 + 22, Column 1, current year less previous year _____
- 2.3 Liabilities (Page 3) Line 9 (In part for investment related expenses) + 21, 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 Revenue and Expenses (Page 4)	
	Line 4 + 5 + 6 + 7, current year	_____
3.2	Assets (Page 2)	
	Line 16.2 (<u>In part</u> for all amounts not reported 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) + Line 24 (<u>In part</u> excluding claim-related receivables included in Line 5.2 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 Revenue and Expenses (Page 4 & 5)	
	Line 18 + 19 + 22 – 35 (<u>In part</u> for claim reserves), current year	_____
5.2	Assets (Page 2)	
	Line 16.1 + 24 (<u>In part</u> for claim-related receivables), Column 1, current year less previous year	_____
5.3	Liabilities (Page 3)	
	Line 1 + 2 + 7, 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 Health Entities)

6.1	Statement of Revenue and Expenses (Page 4) current year	_____ (N/A for Health)
6.2	Liabilities (Page 3) current year less previous year	_____ (N/A for Health)
6.3	_____	_____ (N/A for Health)
6.4	Total of 6.1 – 6.2 + 6.3 (Report on Line 6 of the Cash Flow)	_____ (N/A for Health)

Commissions, Expenses Paid and Aggregate Write-ins for Deductions

7.1	Statement of Revenue and Expenses (Page 4) Line 20 + 21 – 28 – 29, current year	_____
7.2	Assets (Page 2) Line 16.3 (<u>In part</u> for commissions and expense allowance due) + 17 + 19, Column 1, current year less previous year	_____
7.3	Liabilities (Page 3) Line 3 + 9 (<u>In part</u> for amounts not included in Line 2.3 above; i.e., non-investment related expenses) + 22, 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 to Health Entities)

8.1	Statement of Revenue and Expenses (Page 4) current year	_____ (N/A for Health)
8.2	Assets (Page 2) current year less previous year	_____ (N/A for Health)
8.3	Liabilities (Page 3) current year less previous year	_____ (N/A for Health)
8.4	Total of 8.1 + 8.2 – 8.3 (Report on Line 8 of the Cash Flow)	_____ (N/A for Health)

Federal and Foreign Income Taxes Paid (Recovered)

9.1	Statement of Revenue and Expenses and Capital and Surplus Accounts (Page 4 & 5) Line 31 + 38 + tax amount included in Lines 26, 36 and 37, 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 10.1 + 10.2, 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, <u>In part</u> 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 Increases (Decrease), <u>In part</u>			
Plus	Line 8 Total Foreign Exchange Change in Book/Adjusted Carrying Value, <u>In part</u>			
Minus	Line 9 Current Year's Other-Than-Temporary Impairment, <u>In part</u>			_____
B6	Total Gain (Loss) on Disposals			
	Line 5 Schedule D-Verification Between Years, <u>In part</u>			_____
B7	Consideration on Disposals			
	Line 6 Schedule D-Verification Between Years, <u>In part</u> for cash disposal of bonds (Report on Line 12.1 of the Cash Flow)			_____
B8	Amortization of Premium			
	Line 7 Schedule D-Verification Between Years, <u>In part</u>			_____
B9	Accrual of Discounts			
	Line 3 Schedule D-Verification Between Years, <u>In part</u>			_____
B10	Other amount increases/(decreases)			
	Include non-cash items not already included in B4 through B9			_____
B11	Total of B4 + B5 + B6 – B7 – B8 + B9 + B10			_____
	B3 – B11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in B10)			_____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, <u>In part</u> 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), <u>In part</u>	
Plus	Line 8	Total Foreign Exchange Change in Book/Adjusted Carryover Value, <u>In part</u>	
Minus	Line 9	Current Year's Other-Than-Temporary Impairment, <u>In part</u>	_____
S6	Total Gain (Loss) on Disposals		
	Line 5	Schedule D-Verification Between Years, <u>In part</u>	_____
S7	Consideration on Disposals		
	Line 6	Schedule D-Verification Between Years, <u>In part</u> 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, <u>In part</u>	_____
S9	Accrual of Discount		
	Line 3	Schedule D-Verification Between Years, <u>In part</u>	_____
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	_____
			<u>0</u>

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 Premiums 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, <u>In part</u> for cash acquisitions	
Plus	Line 2.2	Cost of Additional Investments Made, <u>In part</u> for cash investments	
Plus	Line 3	Current Year Change in Encumbrances, <u>In part</u> 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, <u>In part</u> 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, <u>In part</u> for cash acquisitions (Report on Line 13.3 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	Amounts Received on Disposals, <u>In part</u> 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 11 current year less previous year				
Plus	Column 3 Line 10 current year less previous year				
Plus	Column 3 Line 7 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 11 current year less previous year				
Plus	Column 2 Line 10 current year less previous year				
Plus	Column 2 Line 7 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 3 less Column 4) _____
- X4 Total of X1 + X2 – X3 (Report absolute value as cash from investments misc. 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 (Page 3, current year less previous year) _____ (N/A for Health)
- 2 Current period amounts transferred to IMR _____ (N/A for Health)
- 3 Current period amounts recognized in income (Summary of Operations, Page 4) _____ (N/A for Health)
- 4 Other amounts increases (decreases) _____ (N/A for Health)
- 5 Total of 2 – 3 + 4 _____ (N/A for Health)
- 6 1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the
appropriate line(s)) _____ (N/A for Health)

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

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

Not for Distribution

Reconcile Unrealized Capital Gains (Losses)

1	Capital and Surplus Account (Page 5)	
	Line 36 (<u>In part</u> excluding taxes) + 37 (<u>In part</u> excluding taxes), 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 Revenue and Expenses (Page 4) Line 26, 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 29, 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 on 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 26 + 27, current year less previous year	_____
2.2	Change in Paid in Surplus	
	Liabilities (Page 3) Line 28, current year less previous year	_____
2.3	Change in Treasury Stock	
	Liabilities, Surplus (Page 3) Line 32, 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 14, 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 Health)

4.1	Change in Deposit-type Contracts	
	Liabilities, Surplus (Page 3), current year less previous year	<u>(N/A for Health)</u>
4.2	_____	<u>(N/A for Health)</u>
4.3	Total of 4.1 + 4.2 (report on Line 16.4 of the Cash Flow)	<u>(N/A for Health)</u>

Dividends to Stockholders

5.1	Dividends to Stockholders	
	Capital and Surplus Account (Page 5) Line 46	_____
5.2	Change in Dividends to Stockholders	
	Liabilities, Surplus (Page 3) Line 23 (In part), 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 5) Line 47, current year	_____
6.2	Change in Misc. Liabilities Liabilities, Surplus (Page 3) Line 12 + 13 + 15 + 16 + 18 + 19 + 23 (In part excluding dividends included in Line 5.2 above) + 25 + 30, current year less previous year	_____
6.3	Change in Misc. Assets Assets (Page 2) Lines 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 5) Line 40, current year	_____
2	Change in Liability for Reinsurance in Unauthorized and Certified Companies Liabilities, Surplus (Page 6) Line 20, 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 5 Line 39 of current year	_____
2	Change 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 5) Line 43 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 <u>Year</u>	Prior <u>Year</u>
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

Not for Distribution

Not for Distribution

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

Please refer to the instructions in Statement of Revenues and Expenses for instructions and line descriptions for this Exhibit.

Riders/Endorsements/Floaters:

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, then it is to be recorded on the same line of business as if it were a stand-alone policy regardless of whether it is referred to as a rider, endorsement or floater. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

Column 1 – Total

The amounts in this column are to agree with the corresponding amounts reported on Page 4, Column 2.

Column 2 – Comprehensive (Hospital & Medical)

Include: Business that provides for medical coverages including hospital, surgical and major medical. Include State Children's Health Insurance Program (SCHIP) Medicaid Program (Title XXI), risk contracts.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.

Column 3 – Medicare Supplement

Include: Business reported on the Medicare Supplement Insurance Experience Exhibit of the annual statement.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Vision only and Dental only business.

Column 4 – Dental Only

Include: Policies providing for dental only coverage issued as stand alone dental or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement and Vision only business.

Column 5 – Vision Only

Include: Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through premiums, deductibles or out-of-pocket limits.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contract, Medicare Supplement, and Dental only business.

Column 6	–	Federal Employees Health Benefits Plans (FEHBP)
	Include:	Business allocable to the Federal Employees Health Benefits Plan (FEHBP) premium that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.
	Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), comprehensive hospital and medical policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 7	–	Title XVIII - Medicare
	Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicare subscribers. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
	Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business. Policies providing stand alone Medicare Part D Prescription Drug Coverage.
Column 8	–	Title XIX - Medicaid
	Include:	Business where the reporting entity charges a premium and agrees to cover the full medical costs of Medicare subscribers.
	Exclude:	Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefits plan (FEHBP) premiums, comprehensive hospital and medical policies, Medicare (Title XVIII) risk contracts, Medicare Supplement, Vision only and Dental only business.
Column 9	–	Other Health
	Include:	Other health coverages such as stop loss, disability income, long-term care and prescription drug plans and coverages not specifically addressed in any other columns. Policies providing stand alone Medicare Part D Prescription Drug Coverage. On Line 20, expenses and reimbursements from administrative services only (ASO), other non-underwritten business and administrative services contracts (ASC).
	Exclude:	Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
Column 10	–	Other Non-health
	Include:	Life and property/casualty coverages.

Not for Distribution

Not for Distribution

UNDERWRITING AND INVESTMENT EXHIBIT

PARTS 1, 2, 2A, 2B, AND 2C

Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* and *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance.

Exclude: From the appropriate lines and columns, those amounts attributable to the Federal Employees Health Benefit Plan (FEHBP) that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.

Amounts attributable to uninsured plans and the uninsured portion of partially insured plans.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

Column 1 – Direct Business

Include: Experience rating refunds and return retrospective premiums. Deduct any experience rating refunds and return retrospective premiums paid. Refer to *SSAP No. 66—Retrospectively Rated Contracts* for accounting guidance.

Accrued return premium adjustments for contracts subject to redetermination.

Column 4 – Net Premium Income

For companies that record premium on a cash basis, make adjustments for uncollected premiums at the beginning and end of the year to reflect premiums on a written basis.

Line 1 – Comprehensive (Hospital & Medical)

Include: Policies providing for medical coverages including hospital, surgical and major medical. Include State Children’s Health Insurance Program (SCHIP) Medicaid Program (Title XXI), risk contracts.

Exclude: Administrative services only (ASO), other non-underwritten business, administrative services contracts (ASC), federal employees health benefit plan (FEHBP) premiums, medical only policies, Medicare (Title XVIII) and Medicaid (Title XIX) risk contracts, Medicare Supplement, Vision only and Dental only business.

Line 2	– Medicare Supplement	
	Include:	Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statement.
	Exclude:	Revenue as a result of an arrangement between the reporting entity and the Centers for Medicare & Medicaid Services (CMS), on a cost or risk basis, for services to a Medicare beneficiary.
Line 3	– Dental Only	
	Include:	Premiums for policies providing for dental only coverage issued as stand alone dental or as a rider to a medical policy that is not related to the medical policy through deductibles or out-of-pocket limits.
Line 4	– Vision Only	
	Include:	Premiums for policies providing for vision only coverage issued as stand alone vision or as a rider to a medical policy that is not related to the medical policy through deductibles or out-of-pocket limits.
Line 5	– Federal Employees Health Benefits Plan (FEHBP)	
	Include:	Net premiums written attributable to the FEHBP.
Line 6	– Title XVIII - Medicare	
	Include:	Revenue as a result of a risk arrangement between the reporting entity and the Centers for Medicare & Medicaid Services (CMS), for services to a Medicare beneficiary. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
	Exclude:	Medicare Supplement or Medicare wrap-around premiums. Policies providing stand alone Medicare Part D Prescription Drug Coverage.
Line 7	– Title XIX - Medicaid	
	Include:	Revenue resulting from an arrangement between the reporting entity and a Medicaid state agency for services to a Medicaid beneficiary.
Line 8	– Other Health	
	Include:	Other health revenues not included in any other column, including stop loss, disability income and long-term care. Policies providing stand alone Medicare Part D Prescription Drug Coverage.
	Exclude:	ASO (administrative services only) contracts and ASC (administrative service contracts). Refer to <i>SSAP No. 47—Uninsured Plans</i> for accounting guidance. Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.
Line 10	– Life	
	Include:	Revenue for life insurance.
Line 11	– Property/Casualty	
	Include:	Revenue for property/casualty insurance.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

- Column 9 – Other Health
- Include: Claims incurred for other health lines of business not included in any other column, including stop loss, disability income and long-term care.
- Column 10 – Other Non-health
- Include: Claims incurred for life and property/casualty lines of business.
- Line 1 – Payments During the Year
- Report payments net of pharmaceutical rebates collected and risk share amounts collected. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.
- Line 1.3 should include only those reinsurance recoveries received during the year.
- Exclude: Medical incentive pools and bonuses.
- Line 2 – Paid Medical Incentive Pools and Bonuses
- Equals Underwriting and Investment, Part 2B, Columns 1 and 2, Line 12.
- Line 3 – Claim Liability December 31, Current Year
- Line 3.3 should include the reinsurance ceded amounts booked but not yet billed.
- Line 3.4, Column 1 should agree with Page 3, Column 3, Line 1. Should also agree to Underwriting and Investment Exhibit, Part 2A, Column 1, Line 4.4.
- Line 4 – Claim Reserve December 31, Current Year
- Line 4.4 should agree with Page 3, Column 3, Line 7. Should also agree with Underwriting and Investment Exhibit, Part 2D, Column 1, Line 14.
- Line 5 – Accrued Medical Incentive Pools and Bonuses, Current Year
- Column 1 should agree with Page 3, Line 2.
- Line 6 – Net Health Care Receivables
- Report the change between prior year health care receivables and current year health care receivables. The amounts on this line are the gross health care receivable assets, not just the admitted portion. This amount should not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.
- Lines 7 and 11 – Amounts Recoverable from Reinsurers
- These amounts should include reinsurance recoveries billed on paid losses but not received.

Line 12 – Incurred Benefits

Line 12.1 = Line 1.1 + Line 3.1 + Line 4.1 – Line 6 – Line 8.1 – Line 9.1

Line 12.2 = Line 1.2 + Line 3.2 + Line 4.2 – Line 8.2 – Line 9.2

Line 12.3 = Line 1.3 + Line 3.3 + Line 4.3 + Line 7 – Line 8.3 – Line 9.3 – Line 11

Line 12.4 = Line 1.4 + Line 3.4 + Line 4.4 – Line 6 – Line 7 – Line 8.4 – Line 9.4 + Line 11

Line 12.1 – Incurred Benefits: Direct

Column 1 minus Column 10, Line 12.1 should agree with the sum of Lines 9 through 14 on the Statement of Revenue and Expenses.

Line 13 – Incurred Medical Incentive Pools and Bonuses

This should agree with Line 2 + Line 5 – Line 10.

Not for Distribution

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

Refer to *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses* for accounting guidance. Include recoverables for anticipated coordination of benefits and subrogation as a reduction to unpaid claims.

- Column 9 – Other Health
- Include: Claims liability for other health lines of business not included in any other column, including stop loss, disability income and long-term care.
- Column 10 – Other Non-health
- Include: Claims liability for life and property/casualty lines of business.
- Line 1 – Reported in Process of Adjustment
- Include: Liability for all claims that have been reported to the company on or before December 31 of the current year. Provision for claims of the current year or prior years, if any, reported after the date would be made in Line 2 as Incurred but Unreported. Portions of reported claims for which payments are due after December 31 of the current year are reported in Underwriting and Investment Exhibit, Part 2D, Line 9.
- Line 2 – Incurred but Unreported
- Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.
- Line 3 – Amounts Withheld from Paid Claims and Capitations
- Report the amounts withheld from paid claims and capitations that have not been distributed and the anticipated withholds from estimated incurred but not reported losses.
- Line 4.4 – Net Total Claim Liability
- This amount should agree to Page 3, Line 1, Column 3.

Not for Distribution

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR – NET OF REINSURANCE

Claims are to include amounts paid or accrued for capitation, and any other means of payment, for medical or other health care services including, under other medical costs, amounts for occupancy, depreciation and amortization as it relates to medical and hospital expenses.

Incentive pool, withhold, and bonus amounts are defined as: amounts to be paid to providers by the Health entity as an incentive to achieve goals such as effective management of care. Some arrangements involve paying an agreed-on amount for each claim, and then paying a bonus at the end of the contract period. Other arrangements involve a set amount to be withheld from each claim, and then paying a portion (which could be none or all) of the withheld amount at the end of the contract period.

For arrangements involving amounts withheld, the claim payments should be recorded net of the withhold, and the unpaid withholds should be held as an additional liability until paid or formally retained. The amount due should be supported by signed agreements and the basis for establishing the liability should be documented when determining the amount of this liability.

Columns 1 and 2

Enter in Columns 1 and 2, Lines 1 through 8, all payments made during the year. Record actual payments only, net of applicable Coordination of Benefits, deductibles, copayments, pharmaceutical rebates collected, risk share amounts collected, reinsurance, subrogation, and provider discounts. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.

Include in Columns 1 and 2, Line 10, the portion of current health care receivables balance relating to claims paid in the current year on insured plans. This would not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider as the claims have not been paid as of the statement date. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.

Include on Line 12 actual payments from provider incentive pools and bonus arrangements or supplemental facility settlements (distributions of utilization savings).

All claim payments made relating to service dates prior to the current reporting year should be reported in Column 1. Report in Column 2 all claim payments for service dates in the current reporting year.

Columns 3 and 4

Enter in Columns 3 and 4 all claims related liabilities and reserves held at the end of the current year. This includes liability for both reported and unreported claims, and should be net of anticipated reductions for coordination of benefits, deductibles, copayment, provider discounts or reinsurance recoveries on unpaid claims.

Include in Columns 3 and 4, Line 10 the portion of current health care receivables of insured plans relating to claims in the process of adjustment excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider. Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.

Report on Lines 1 through 8 the claims unpaid gross of the actual withholds on paid claims and net of settlement adjustments to prior withholds. Estimated incurred but unreported losses reported on Lines 1 through 8 should be calculated in accordance with *SSAP No. 54R—Individual and Group Accident and Health Contracts* and may include estimations as to return of withhold on claims incurred, but not yet paid. Liability for provider incentive pools and supplemental facility settlements should also be included on Line 12.

Line 9 plus Line 11 of Columns 3 and 4 should agree to Underwriting and Investment Exhibit – Part 2A, Column 1, Line 4.4 plus Underwriting and Investment Exhibit – Part 2D, Column 1, Line 14.

Line 9 plus Line 11, Columns 3 and 4 should equal Page 3, Line 1 plus Line 7, Column 3.

Line 13, Columns 1 through 4, less Column 6 should agree to Page 4, Line 18 plus Line 19, Column 2.

The sum of Columns 3 and 4, Line 13 plus 10 should agree to the sum of Lines 1, 2 and 7, Page 3, Column 3.

Line 8 – Other Health

Report the unpaid claims for other health business not included in any other line. This category includes all unspecified business written under the Company's health line of business authority including stop loss as well as business that does not qualify for the Health Statement Test (e.g., disability income and long term care).

Line 10 – Health Care Receivables

This line is based on the gross health care receivable, not just the admitted portion.

Columns 1 and 2 report the amounts of health care receivables associated with claims paid during the year, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Columns 3 and 4 report the health care receivable amount attributable to those claims remaining unpaid as of the reporting date. This will include those amounts of pharmaceutical rebates that are estimated in accordance with *SSAP No. 84—Health Care and Government Insured Plans Receivables*, guidelines.

The sum of Columns 1 through 4 on the Underwriting and Investment Exhibit, Part 2B, Line 10 should equal the health care receivables on Exhibit 3, Column 6 plus Column 7, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider. If health care receivables reported on Underwriting and Investment Exhibit, Part 2B are affected by reinsurance, then the sum of Column 1 through Column 4 may be different from the amounts of health care receivables reported on Exhibit 3, which are gross of reinsurance.

If health care receivables are not affected by reinsurance, then Line 10, Column 1 through Column 4 should be no more than Exhibit 3, Line 0799999, Column 6 plus Column 7 and be no less than to Exhibit 3, Line 0399999, Column 6 plus Column 7. If health care receivables are affected by reinsurance, then Line 10, Column 1 through Column 4 should be more/less than Exhibit 3, Line 0799999, Columns 6 plus 7 minus Exhibit 3, Line 0399999, Column 6 and Column 7.

Column 6 reports the amounts of prior year health care receivables, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Note (a) Line 10 reports those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Line 11 – Other Non-health

Report the unpaid claims for life and property/casualty business.

Line 12 – Medical Incentive Pools and Bonus Amounts

Include disbursements for incentive pool and bonus amounts in Column 1 and 2. Include liability for incentive pool and bonus amounts in Column 3 and 4.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

The purpose of this exhibit is to test the adequacy of reserves held on accident and health insurance. The exhibit allows for the development of a five-year trend of losses incurred by a specific year. Payments for medical incentive pool, withhold and bonus arrangements shall be included in claim payments as well as in all calculations in Sections A, B and C.

Complete Part 2C – Sections A, B and C for each Accident and Health line of business (Comprehensive (Hospital & Medical), Medicare Supplement, Dental Only, Vision Only, Federal Employees Health Benefits Plan, Title XVIII Medicare, Title XIX Medicaid, and Other Health), as applicable, as well as a grand total page. Stop Loss, Disability Income and Long-Term Care should be included with Other Health for this exhibit. Report in thousands (000's omitted).

**PART 2C – SECTION A
PAID HEALTH CLAIMS**

Show cumulative paid claims by year paid and year incurred. Claims incurred prior to the year shown on Line 2 should be included in the appropriate column on Line 1.

NOTE: The “XXX” fields are intentional and are not in error, even though it appears that numbers should be shown.

As an example, Column 2, Line 2 should be the claims incurred in 2013 and paid in 2013 and 2014.

On Line 1, do not include claims paid prior to the year shown on Line 2. Line 1, Column 1 should include any claims incurred prior to the year shown on Line 2 that were paid in the year shown in Column 1. For example, for the current reporting year, Line 1, Column 1 should include 2011 incurred claims paid in 2013, and 2012 incurred claims paid in 2013.

Line 1, Column 2 should include any claims incurred prior to the year shown on Line 2 that were paid in the year shown in Columns 1 and 2. For example, for the current reporting year, Line 1, Column 2 should include 2012 and prior incurred claims paid in 2014, plus the amounts reported in Line 1, Column 1 (cumulative).

**PART 2C – SECTION B
INCURRED HEALTH CLAIMS**

Columns 1 through 5 – Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year.

For each year shown, enter the cumulative total of claims paid, the end-of-year claim liability, and the end-of-year claim reserve, and accrued medical incentive pool and bonus amounts outstanding.

For example, Column 2, Line 2 will be for claims incurred in 2013, paid in 2013 and 2014, and any remaining liability or aggregate claim reserve remaining on those 2013 claims as of year-end 2014.

Line 1, Column 1 should include any paid claims reported in Section A, Line 1, Column 1 plus any remaining liability or aggregate claim reserve for amounts incurred prior to the year shown on Line 2. Line 1, Column 2 should include paid claim amounts recorded in Section A, Line 1, Column 2, plus any remaining liability or aggregate claim reserve for amounts incurred prior to the year shown in Line 2.

PART 2C – SECTION C
INCURRED YEAR HEALTH CLAIMS AND
CLAIMS ADJUSTMENT EXPENSE RATIO

This section is designed to show the effects of claim adjustment expenses in relationship to claims and premiums earned. This section will provide a guide for reporting entities in collecting and using the claims adjustment expense data and provide incurred year combined ratio results.

Earned premium reported in Column 1 is on a calendar year basis. Premiums earned, once entered in Column 1 of each part will become “frozen.” No retrospective adjustments are to be made for experience-rated contracts.

Claims incurred should be assigned to the year in which the event occurred that triggered coverage under the contract.

Column 7 is to equal the aggregate claims unpaid, claims reserve and medical incentive pool and bonus amounts unpaid pertaining to the five incurral years presented in Lines 1 through 5. The sum of claims unpaid in Column 7 is expected to represent the ultimate amounts to be paid, including anticipated inflation, and in total is to agree with claims unpaid on Page 3, Line 1 + 2 + 7, Column 3 divided by 1000 (excluding Life and Property/Casualty business).

The sum of unpaid claims adjustment expense, Column 8 in total to agree with unpaid claims adjustment expenses on Page 3, Line 3, Column 3 divided by 1000 (excluding Life and Property/Casualty business).

Claim and claim adjustment expense payments are to be maintained on a cumulative basis.

Include in Columns 3 and 8 claims adjustment expenses meeting the definitions set forth in the instructions for Page 3, Line 3 and Page 4, Line 20 of the Annual Statement. The claim adjustment expense payments paid during the most recent calendar year should be distributed to the various years in which claims were incurred as follows: (1) 50% of the most recent year, (2) 10% to the next most recent year, and (3) the balance to all years, including the most recent, in proportion to the amount of loss payment paid for each year during the most recent calendar year.

To assist preparers in the completion of Part 2C, the following completion chart describes what is to be included in Columns 2, 3, 7 and 8:

PART 2C – SECTION C – COMPLETION CHART

<u>Years in which Premium were Earned and Claims were Incurred Expenses</u>	<u>Claim Payments</u>	<u>Adjustment Expense Payments</u>	<u>Claims Unpaid</u>	<u>Unpaid Claim Adjustment</u>
1. 2013	Cum Paid thru 2017 on 2013 incurred	Cum Paid thru 2017 on 2013 incurred	Rsvs on 2013 incurred @ YE 2017	Rsvs on 2013 incurred @ YE 2017
2. 2014	Cum Paid thru 2017 on 2014 incurred	Cum Paid thru 2017 on 2014 incurred	Rsvs on 2014 incurred @ YE 2017	Rsvs on 2014 incurred @ YE 2017
3. 2015	Cum Paid thru 2017 on 2015 incurred	Cum Paid thru 2017 on 2015 incurred	Rsvs on 2015 incurred @ YE 2017	Rsvs on 2015 incurred @ YE 2017
4. 2016	Cum Paid thru 2017 on 2016 incurred	Cum Paid thru 2017 on 2016 incurred	Rsvs on 2016 incurred @ YE 2017	Rsvs on 2016 incurred @ YE 2017
5. 2017	Cum Paid thru 2017 on 2017 incurred	Cum Paid thru 2017 on 2017 incurred	Rsvs on 2017 incurred @ YE 2017	Rsvs on 2017 incurred @ YE 2017

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D – AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

Exclude reserves or other amounts relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans from this exhibit.

- Column 9 – Other
- Include: Stop loss, disability income and long-term care.
- Line 1 – Unearned Premium Reserves
- Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.
- Line 2 – Additional Policy Reserves
- Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for accounting guidance.
- Include: Premium deficiency reserve.
- Companies must carry a reserve on this line for any policy or block of policies:
- (i) With which level premiums are used, or
 - (ii) With respect to which, due to the gross premium structure at issue, the value of future benefits exceeds the value of appropriate future valuation net premiums.
- Companies must carry a reserve for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.
- Line 3 – Reserve for Future Contingent Benefits
- Companies must carry a reserve in either this line or Line 10, for any policy that provides for the extension of benefits after termination of the policy or of any insurance hereunder. Such benefits, that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.
- An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee's certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the "Extension of Benefits" section of a group policy.

Line 4 – Reserve for Rate Credits, or Experienced Rating Refunds

Report the total of experience rating refunds and refund premium reserves; including premium stabilization, rate credit and other types of experience rating refunds.

Reserves for rate credits, or experience refund reserves, including investment income, should be included in Page 3, Line 4 of the statement.

Include: Accrued return retrospective premiums required by policy terms or law.

Amount accrued for the medical loss ratio rebate as provided for in Section 2718(b)(1)(A) of the Public Health Service Act.

Refer to SSAP No. 66—*Retrospectively Rated Contracts* for accounting guidance. Per SSAP No. 66, retrospective premium adjustments shall be estimated based on the experience to date.

Line 5 – Aggregate Write-ins for Other Policy Reserves

Enter the total of the write-ins listed in schedule Details of Write-Ins Aggregated at Line 5 for Other Policy Reserves.

Line 9 – Present Value of Amounts Not Yet Due on Claims

Include: Reserves for incurred but unreported claims.

Line 10 – Reserve for Future Contingent Benefits

Companies must carry a reserve in either this line or Line 3 for any policy that provides for the extension of benefits after termination of the policy or of any insurance there under. Such benefits, that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.

An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee's certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the "extension of benefits" section of a group policy.

Line 11 – Aggregate Write-ins for Other Claim Reserves

Enter the total of the write-ins listed in schedule Details of Write-Ins Aggregated at Line 11 for Other Claim Reserves.

Details of Write-ins Aggregated on Line 5 for Other Policy Reserves

List separately all policy reserves for which there is no pre-printed line.

Include: Accrued return premium adjustments for contracts subject to redetermination.

Details of Write-ins Aggregated on Line 11 for Other Claim Reserves

List separately all claim reserves for which there is no pre-printed line.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

Administrative Services Contracts (ASC) and Administrative Services Only (ASO) commissions, expenses and taxes paid by the administrator to administer such plan shall be reported on a gross basis by type of expense. General expense items must be itemized and entered in sufficient detail to indicate their precise nature. Expenses are not reported on a functional basis, except to the extent specifically permitted herein and only if: (1) services are independently organized, (2) rent, salaries and wages, and other major items of expense directly incident thereto, but not necessarily including the cost of employee benefit plans and Social Security taxes, are charged to function, and (3) adequate accounting thereof is maintained. 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, each company shall assign its share of the expense to the same expense classification as if it had incurred the entire expense. This latter requirement shall not apply to activities such as administration of jointly underwritten group contracts and joint mortality and morbidity studies.

Costs for managed care activities must be allocated between claim adjustment expenses and general administrative expenses. Claim adjustment expenses should be allocated to either cost containment expenses, Column 1 or other claim adjustment expenses, Column 2, in accordance with *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Other costs such as network development costs, provider contracting costs and other similarly related costs should be allocated to Columns 1 through 3 as appropriate, in accordance with *SSAP No. 55*.

A reporting entity that pays any affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operations 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. Do not report management, administration, or similar fees as one-line expenses. The reporting entity may estimate these expense allocations based on a formula or other reasonable basis.

A reporting entity that pays any non-affiliated entity (including a managing general agent) for the management, administration, or service of all or part of its business or operation shall allocate these costs to the appropriate expense classification items as follows:

- a. If the total payments for claims handling or adjustment services equals or exceeds 10 percent of the “Total Claim Adjustment Expenses Incurred,” allocate these costs to the appropriate expense classification items as if these costs had been borne directly by the reporting entity.
- b. Allocate payments for services other than claims handling or adjustment services to the appropriate expense classifications as if these costs had been borne directly by the company, if the total of such fees paid to the non-affiliate(s) equals or exceeds 10 percent of Column 3, Line 26. If the total is less than 10 percent, the company may report the payments on Line 14.

The total management and service fees incurred attributable to affiliates and non-affiliates shall be reported in the footnote to Underwriting and Investment Exhibit – Part 3, and the method(s) used for allocation shall be disclosed in the Notes to Financial Statements. The reporting entity shall use the same method(s) on a consistent basis. Refer to *SSAP No. 70—Allocation of Expenses* for accounting guidance.

Line 1 – Rent

Include: Rent for all premises occupied by the reporting entity, including any adequate rent for occupancy of its own buildings, in whole or in part, except to the extent that allocation to other expense classifications on a functional basis is permitted and used.

Expenses incurred as tenant for light, heat, water, fuel, interest, taxes, building maintenance, alterations and service, etc.

Deduct: Rent under sublease.

Exclude: These items for health care delivery.

Line 2 – Salaries, Wages and Other Benefits

Include: Salaries and wages, bonuses and incentive compensation to employees, overtime payments, continuation of salary during temporary short-term absences, dismissal allowances, payments to employees while in training and other compensation to employees not specifically designated herein, except to the extent that allocation to other expense classifications is permitted and used.

Fees and other compensation to directors for attendance at board or committee meetings and any other fees and compensation paid to them in their capacities as directors or committee members.

Agency compensation other than commissions.

Payments by reporting entity under a program for pension, stock options, purchases, and award plans (including change in quoted market value) and total and permanent disability benefits, life insurance benefits, accident, health, hospitalization, medical, surgical, or other temporary disability benefits under a self-administered or trusteed plan or for the purchase of annuity or insurance contracts.

Appropriation or any other assignment of funds by company in connection with any benefit plan of the types enumerated herein, (e.g., the net periodic postretirement benefit cost) whether it be defined in terms of specified benefits or in terms of monetary amounts.

Payments by reporting entity under a program for pension, stock options, purchases and award plans (including change in quoted market price), total and permanent disability benefits, death benefits, accident, health, hospitalization, medical, surgical, or other temporary disability benefits, where no contribution or appropriation is made prior to the payment of the benefit.

Meals to employees.

Contributions to employee associations or clubs.

Expense and maintenance of recreation grounds.

Payments to employees and agents in military service.

Expense of periodical medical or dental examinations, or of medical dispensary, convalescent home or sanitarium for employees and agents.

Earned amounts related to employee stock ownership plans.

Exclude: Contributions or appropriations for past service if reported in Capital and Surplus Account.
Benefit payments. (To be reported in the appropriate item of the Statement of Revenue and Expenses.)

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

Line 3 – Commissions

Include: Collection or service fees, policy fees, membership fees and other fees, Commuted renewal commissions.

Line 4 – Legal Fees and Expenses

Include: Court costs, penalties and all fees or retainers for legal services or expenses in connection with matters before administrative or legislative bodies.

Exclude: Salaries and expenses of company personnel.

Legal expenses associated with investigation, litigation and settlement of policy claims.

Legal fees specifically associated with real estate transactions.

Line 5 – Certifications and Accreditation Fees

Include: Fees associated with the certification and accreditation of a health plan, including but not limited to, fees paid to Joint Commission on Accreditation of Health Care Organizations (JCAHO); National Commission on Quality Assurance (NCQA); American Association for Health Care Certification (Utilization Review Accreditation Commission (URAC)).

Exclude: Rating agencies and other similar organizations.

Line 6 – Auditing, Actuarial and Other Consulting Services

Exclude: Fees for examinations made by State Departments.

Expense of internal audits by company employees.

Line 7 – Traveling Expenses

Include: Traveling expense of officers, other employees, directors and agents, including hotel, meals, telephone, telegraph and postage charges incurred while traveling.

Amounts allowed employees for use of their own cars on company business.

The cost of, or depreciation on, and maintenance and running expenses of company-owned automobiles.

Exclude: Such expenses properly allocated to Real Estate Expenses (Line 21).

Line 8 – Marketing and Advertising

Include: Newspaper, magazine and trade journal advertising for the purpose of solicitation and conservation of business.

Billboard, sign and directory advertising.

Television, radio broadcasting and motion picture advertising, excluding subjects dealing wholly with health and welfare.

All canvassing or other literature, such as pamphlets, circulars, leaflets, policy illustration forms and other sales aids, printed material, etc., prepared for distribution to the public by agents or through the mail for purposes of solicitation and conservation of business.

All calendars, blotters, wallets, advertising novelties, etc., for distribution to the public.

Printing, paper stock, etc., in connection with advertising.

Prospect and mailing lists when used for advertising purposes.

Fees and expenses of advertising agencies related to advertising.

Exclude: Pamphlets on health, welfare and educational subjects.

Advertising required by law, regulation or ruling except to the extent that it substantially exceeds the space required for compliance.

Salaries and expenses of advertising department.

Help wanted advertisements.

Advertising in connection with investments.

Line 9 – Postage, Express, and Telephone

Include: Freight and cartage, cables, radiograms and teletype.

Charges for use, installation and maintenance of related equipment if not included elsewhere.

Line 10 – Printing and Office Supplies

Expense included in this line may be reported on a functional basis.

Include: Policy forms, riders, supplementary contracts, applications, etc., rate books, instruction manuals, punch-cards, house organs, and all other printed material that is not required to be included in any other expense classification.

Office supplies, pamphlets on health, welfare and educational subjects, annual reports to policyholders and stockholders if not included in Line 8.

Books, newspapers, periodicals, etc., including investment tax and legal publications and information services, and including all such material for company's law department and libraries.

- Line 11 – Occupancy, Depreciation and Amortization
- Include: The amount of depreciation and amortization expense that is directly associated with administrative services. Expenses associated with administrative services include the costs of occupancy to the health entity that are directly associated with health administration. These include the costs of using a facility, fire and theft insurance, utilities, maintenance, lease, etc.
- Exclude: The cost or depreciation of equipment used by employees handling maintenance and repair work on company-occupied property.
- Line 12 – Equipment
- Include: Rental of all office equipment except for such charges as may be reported in Line 9.
- Line 13 – Cost or Depreciation of EDP Equipment and Software
- Include: Depreciation and amortization expense for electronic data processing equipment, operating software and non-operating software.
- Refer to *SSAP No. 16R—Electronic Data Processing Equipment and Software* for accounting guidance.
- Line 14 – Outsourced Services Including EDP, Claims, and Other Services
- Include: Expenses for administrative services, claim management services, new programming, membership services, and other similar services.
- Exclude: Services provided by affiliates under management agreements.
- Line 15 – Boards, Bureaus and Association Fees
- Include: All dues and assessments of organizations of which the reporting entity is a member.
- Also include dues for employees' and agents' memberships on the reporting entity's behalf.
- Exclude: Contributions associated with scientific research, disease prevention, or other activity directly pertaining to the welfare of subscribers and the public.
- Line 16 – Insurance, Except on Real Estate
- Include: Premiums for Workers' Compensation, burglary, holdup, forgery and public liability insurance, fidelity or surety bonds, insurance on contents of company-occupied buildings and all other insurance or bonds not included elsewhere.
- Line 17 – Collection and Bank Service Charges
- Include: Collection charges on checks and drafts and charges for checking accounts and money orders.

- Line 18 – Group Service and Administration Fees
- Include: Administration fees, service fees, or any other form of allowance, reimbursement of expenses, or compensation (other than commissions) to agents, brokers, applicants, policyholders or third parties in connection with the solicitation, sale, issuance, service and administration of group business.
- Line 19 – Reimbursements by Uninsured Plans
- Report as a negative amount, pharmaceutical rebates of uninsured plans that are received or change in due and uncollected by the reporting entity, to the extent that they are in excess of amounts to be remitted to the uninsured plan, administrative fees, direct reimbursement of expenses, or other similar receipts or credits attributable to uninsured health plans and the uninsured portion of partially insured accident and health plans. Deduct administrative fees and related reimbursements from general administrative expenses or claim adjustment expenses if the administrative services provided include services for claim adjustment expenses as defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.
- Refer to *SSAP No. 84—Health Care and Government Insured Plans Receivables* for accounting guidance.
- Line 20 – Reimbursements from Fiscal Intermediaries
- Report as a negative amount, administrative fees, direct reimbursement of expenses, or other similar receipts or credits attributable to Medicare, CHIPs and other federal and local governmental agencies.
- Line 21 – Real Estate Expenses
- Include: The cost of insurance, repairs, maintenance, service, and operation of all real estate properties, whether occupied by the company or not.
- Expenses incurred in the rental of real estate properties.
- Salaries and other compensation of real estate managing agents and their employees.
- Legal fees specifically associated with real estate transactions other than sale; rent, salaries and wages, and other direct expenses of any branch or home office unit engaged solely in real estate work (not real estate and mortgages combined).
- Salaries or wages of janitors, caretakers, maintenance workers and agents in connection with owned real estate.
- Exclude: Salaries and wages of any other home office, general branch office, or investment branch-office employees. Charge these amounts to salaries and wages, where they will automatically be subject to allocation as “insurance” or “investment.” The same rule applies to other expenses or charges associated with the activities of such employees.
- Line 22 – Real Estate Taxes
- Include: Those taxes directly assessed against property owned by the company. Canadian and other foreign taxes should be included appropriately.

- Line 23.1 – State and Local Insurance Taxes
- Include: Assessments of state industrial boards or other boards for operating expenses or for benefits to sick unemployed persons in connection with disability benefit laws or similar taxes levied by states. Canadian and other foreign taxes are to be included appropriately.
- Advertising required by law, regulation or ruling, except advertising associated with investments.
- State sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.
- State income taxes.
- Line 23.2 – State Premium Taxes
- Include: State taxes based on policy reserves, if in lieu of premium taxes. Canadian and other foreign taxes should be included appropriately.
- Any portion of commissions or allowances on reinsurance assumed that represents specific reimbursement of premium taxes.
- Deduct: Any portion of commissions or allowances on reinsurance ceded that represents specific reimbursement of premium taxes.
- Line 23.3 – Regulatory Authority Licenses and Fees
- Include: Assessments to defray operating expenses of any state insurance department. Canadian and other foreign taxes should be included appropriately.
- Fees for examinations by state departments.
- Exclude: Fines and penalties of regulatory authorities. Report these fines and penalties as a separate item on Page 4, Details of Write-ins Aggregated at Line 29 for Other Income or Expenses.
- Line 23.4 – Payroll Taxes
- Include: Accrued payroll tax including FICA, FUTA, and other federal, state and local payroll taxes.
- Line 23.5 – Other
- Include: Guaranty fund assessments and taxes of Canada or of any other foreign country not specifically provided for elsewhere.
- Sales taxes, other than state sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.

Line 24 – Investment Expenses Not Included Elsewhere

Include: Only items for which no specific provision has been made elsewhere, (e.g., contributions or assessments for bondholders' protective committees, fees of investment counsel, custodian and trustee fees).

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

Exclude: Home office salaries and expenses on account of investment work, salaries and expenses of mortgage loan branch offices.

Legal fees and expenses.

Real Estate expenses properly chargeable to Line 21.

Interest expense incurred for experience rated refunds.

Brokerage and other related fees, to the extent that these are included in the actual cost of a bond upon acquisition. Refer to *SSAP No. 26R—Bonds* for accounting guidance.

Line 25 – Aggregate Write-ins for Expenses

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 25 for Expenses.

Line 26 – Total Expenses Incurred

Column 1 + Column 2 should agree with Statement of Revenue and Expenses, Line 20. Column 3 should agree with Statement of Revenue and Expenses, Line 21. Column 4 should agree with the Exhibit of Net Investment Income, Line 11 plus 12.

Details of Write-ins Aggregated on Line 25 for Expenses

List separately all expenses for which there is no pre-printed line.

Enter in Column 7 interest incurred for experience rated refunds.

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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 collectibility. 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 risk (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:

Exhibit 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 D3.
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.

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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 loans of 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 Deduction 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.

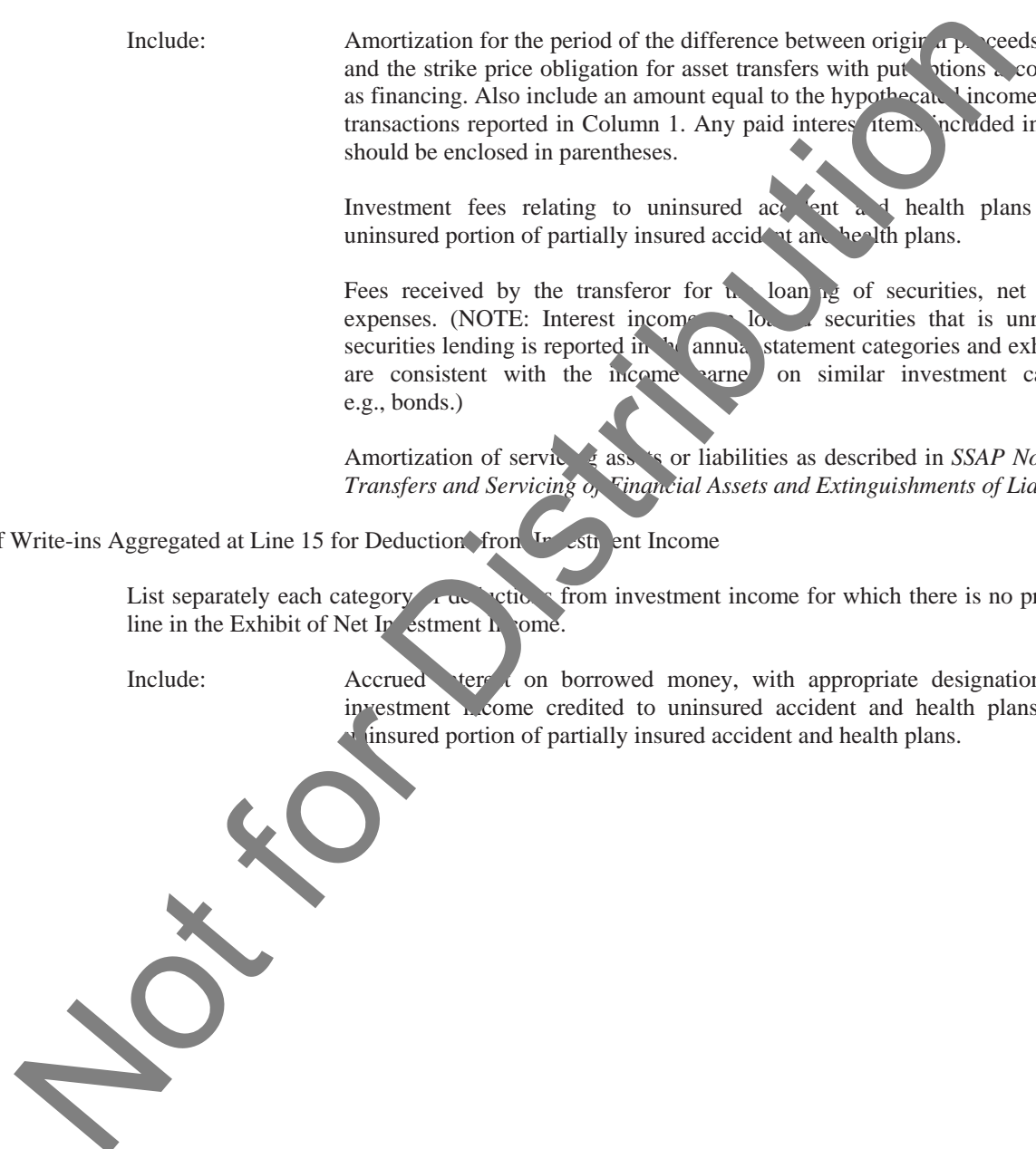


EXHIBIT OF CAPITAL GAINS (LOSSES)

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).

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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 LAH statement]

[Page 4, Line 26, Col 2 + Page 4, Line 26 inset amount for the Health statement]

[Page 4, Line 30, Col 1 + Page 4, Line 30, inset amount #1 + Page 25 IMR, Line 2, Col 1 + Page 25 IMR, Line 2, inset amount #2 for the Fraternal 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.

[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 statement]

[Page 5, Line 36, Col 1, + Page 5, Line 36, inset amount for the Health statement]

[Page 4, Line 34, Col 1 + Page 4, Line 34, inset amount for the Fraternal 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.

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. 27—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.

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EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

See Appendix – Definitions of Lines of Business and Product Codes in determining the source with which information is associated.

Column 1 – Total Members At End of Prior Year

A member is a person who has been enrolled as a subscriber, or an eligible dependent of a subscriber, and for whom the reporting entity has accepted the responsibility for the provision of basic health services as provided by contract.

Column 6 – Current Year Member Months

A member month is equivalent to one member for whom the company has recognized premium revenue for one month. Where the revenue is recognized for only part of a month (or other relevant period) for a given individual, a prorated partial member month may be counted. Accumulate member months for the period.

Line 6 – Aggregate Write-ins For Other Lines of Business

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 6 for Aggregate Other Lines of Business.

Details of Write-ins Aggregated at Line 6 for Aggregate Other Lines of Business

List separately each category of business for which there is no pre-printed line on Exhibit 1.

EXHIBIT 2 – ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

Individually list the greater of any group subscriber accounts for accident and health premiums due and unpaid (included on Page 2, Line 15.1) with balances greater than \$10,000 or those that are 10% of gross premiums receivable. Summarize amounts due from individual subscribers and state and federal entities. Use Lines 0200001 through 0299996 to individually list amounts due from group subscribers. Report the total due from group subscribers and not individually listed on Line 0299998.

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EXHIBIT 3 – HEALTH CARE RECEIVABLES

Individually list the greater of any account balances greater than \$10,000 or those that are 10% of gross health care receivables. Use Lines 010001 through 0699996, as needed. Report gross amounts for insured plans although these amounts may be offset against corresponding liabilities on the balance sheet. Report the aggregate of amounts not individually listed on Lines 0199998 through 0699998. The subtotal and grand total amounts should be reported on the following lines:

<u>Category</u>	<u>Line Number</u>
Pharmaceutical Rebate Receivables.....	0199999
Claim Overpayment Receivables.....	0299999
Loans and Advances to Providers	0399999
Capitation Arrangement Receivables.....	0499999
Risk sharing Receivables	0599999
Other Receivables	0699999
Gross Health Care Receivables.....	0799999

Column 7 – Admitted

Total line should equal the inset amount on Line 24 of the Assn. Page.

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EXHIBIT 3A – ANALYSIS OF HEALTH CARE RECEIVABLES

The purpose of this exhibit is to analyze health care receivables collected and accrued for the current year compared to the prior year.

This exhibit is based on the gross health care receivable, not just the admitted portion.

Report the total asset (health care receivable) in this exhibit not just the admitted portion. Amounts are gross of reinsurance.

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

In this exhibit, the term “accrued” is analogous to the term “incurred” on the U&I Exhibit, Part 2B. Accrued pertains to the health care receivable asset, whereas incurred pertains to the claim liability.

Columns 1 and 2:

Enter separately in Columns 1 and 2, Lines 1 through 6, all amounts collected or offset during the year accrued prior to the current year and accrued during the current year. Record only those amounts actually collected including offsets, that meet the offset conditions of *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

Line 3 includes amounts charged against those gross health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider as the claims have not been paid as of the statement date.

All amounts collected, including offsets, related to prior year receivables accrued should be reported in Column 1. All amounts collected, including offsets, related to current year receivables accrued should be reported in Column 2.

Columns 3 and 4:

Enter separately in Columns 3 and 4 the gross health care receivables accrual amount between those accrued prior to the current year and those accrued during the year. All amounts accrued related to prior year receivables accrued should be reported in Column 3. All amounts accrued related to current year receivables accrued should be reported in Column 4.

For each of Lines 1 through 7, the sum of Columns 3 through 4 should agree to Exhibit 3 Health Care Receivable, sum of Columns 6 and 7, for each type of health care receivable and in total.

Column 5:

Enter the sum of Columns 1 and 3. This is the amount collected or offset during the current year on health care receivables that were accrued prior to the current year, plus amounts still accrued at the end of the current year, related to the health care receivable accrued at the end of the prior year.

Column 6:

Column 6 reports the amounts of prior year-end accounting accrual for gross health care receivables.

The comparison between Columns 5 and 6 is to the total receivables, not just the portion that is an admitted asset.

**EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS
(REPORTED AND UNREPORTED)**

AGING ANALYSIS OF UNPAID CLAIMS

Individually list the greater of any health care creditors with balances greater than \$10,000 or those that are 10% of total claims payable. Use Lines 0100001 through 0100096, as needed. Aggregate the total of all other payables and enter on Lines 0299999 or 0399999, as applicable. Begin aging claims payable from date of receipt of claim by the reporting entity. In the case of capitation and other non-fee-for-service claim expenses, aging begins the date payment is required under contract or the date a bill for amounts due is received by the reporting entity.

Indicate in Column 1 the type of payable as follows:

Covered Provider Capitation Payment Due (from date on contract).

@ Other method of payment different than fee-for-service, explain.

Amounts reported in Line 0199999 through Line 0599999 should be reported as gross unpaid claims.

Line 0699999 includes the amounts withheld that have not yet been settled on paid claims.

Line 0799999, Column 7 equals Page 3, Line 1, Column 3 plus Page 3, Line 1, Column 3 amount.

Line 0899999 should equal Page 3, Line 2, Column 3.

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EXHIBIT 5 – AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

Individually list the greater of any amounts (excluding reinsurance) due from Parent, Subsidiaries and Affiliates with balances greater than \$10,000 or those that are 10% of gross receivables. Use Lines 0100001 through 0199996, as needed. Aggregate the amounts not individually listed on Line 0299999. The assets reported in this exhibit must be reported gross of any corresponding liabilities although these amounts may be netted on the balance sheet.

Exhibit 5, Column 7 plus Column 8 less Exhibit 6, Column 3 equals the difference between Page 2, Line 23 and Page 3, Line 15.

Include: In Column 7, those amounts advanced that the reporting entity expects to receive within one year.

In Column 8, those other amounts due permitted by the state of domicile.

EXHIBIT 6 – AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Individually list the greater of any amounts due (excluding reinsurance) to parent, subsidiaries and affiliates with balances greater than \$10,000 or those amounts that are 10% of total amounts due parent, subsidiaries and affiliates. Use Lines 0100001 through 0199996, as necessary. Aggregate the total of all other amounts due and enter on Line 0299999. The liabilities reported in this exhibit must be reported gross of any corresponding assets although these amounts may be netted on the balance sheet.

Exhibit 5, Column 7 plus Column 8 less Exhibit 6, Column 3 equals the difference between Page 2, Line 23 and Page 3, Line 15.

Not for Distribution

EXHIBIT 7 – PART 1 – SUMMARY OF TRANSACTIONS WITH PROVIDERS

This schedule requires disclosure of claim payments by type of managed care arrangement.

Column 3 – Total Members Covered
Report total members covered under each payment method.

Column 4 – Column 3 As A % of Total Members
Column 3 divided by Total Members Exhibit 1, Column 5, Line 7.

Capitation Payments

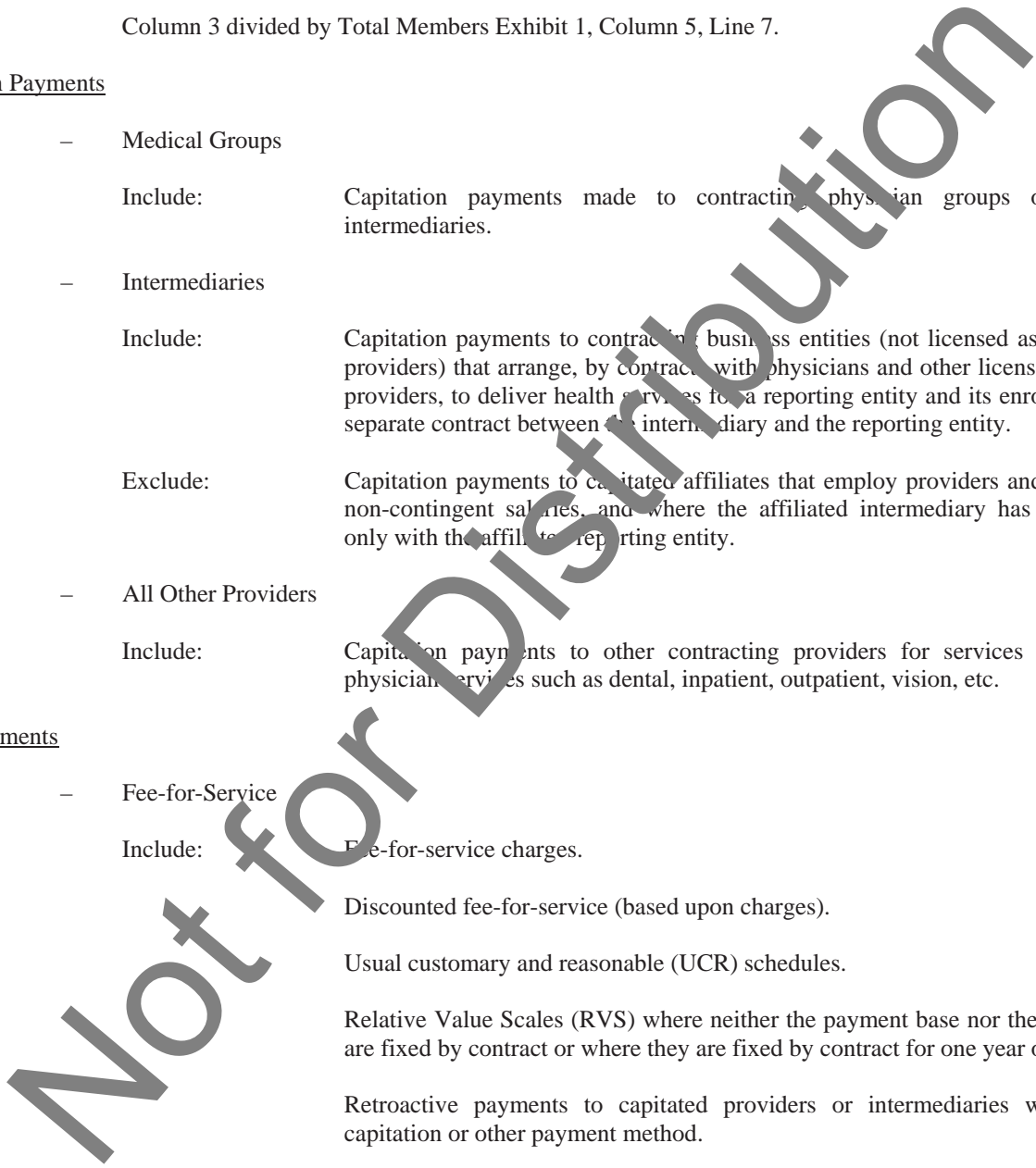
Line 1 – Medical Groups
Include: Capitation payments made to contracting physician groups other than intermediaries.

Line 2 – Intermediaries
Include: Capitation payments to contracting business entities (not licensed as a medical providers) that arrange, by contract, with physicians and other licensed medical providers, to deliver health services for a reporting entity and its enrollees via a separate contract between the intermediary and the reporting entity.
Exclude: Capitation payments to capitated affiliates that employ providers and pay them non-contingent salaries, and where the affiliated intermediary has a contract only with the affiliate reporting entity.

Line 3 – All Other Providers
Include: Capitation payments to other contracting providers for services other than physician services such as dental, inpatient, outpatient, vision, etc.

Other Payments

Line 5 – Fee-for-Service
Include: Fee-for-service charges.
Discounted fee-for-service (based upon charges).
Usual customary and reasonable (UCR) schedules.
Relative Value Scales (RVS) where neither the payment base nor the RV factor are fixed by contract or where they are fixed by contract for one year or less.
Retroactive payments to capitated providers or intermediaries whether by capitation or other payment method.
Capitation paid to providers or intermediaries that have received retroactive payments for prior years.



- Line 6 – Contractual Fee Payments
- Include: Hospital per diems, Diagnostic Rated Groups (DRGs).
- Other hospital case rates.
- Non-adjustable professional case and global rates.
- Provider fee schedules.
- RVS where the payment base and the RV factor are fixed by contract for more than one year.
- Ambulatory payment classification (APC's).
- Line 7 – Bonus/Withhold Arrangements - Fee-for-Service
- Include: Payments to contracting providers that, absent the withhold arrangement or bonus arrangement, would otherwise be reported on Line 5, Fee-for-Service.
- Line 8 – Bonus/Withhold Arrangements – Contractual Fee Payment
- Include: Payments to contracting providers that, absent the withhold or bonus arrangement, would otherwise be reported on Line 6.
- Line 9 – Non-contingent Salaries
- Include: Salaries paid to providers of medical care that cannot be adjusted based upon utilization of services (e.g. # of patients seen or the intensity of the illnesses treated).
- The portion of payments to affiliated entities that is passed on as non-contingent salaries to persons directly providing care where the entity has a contract only with its affiliated reporting entity.
- Line 10 – Aggregate Cost Arrangements
- Include: Payments to a corporate entity that directly provides care, where (1) the health plan is contractually required to pay the total operating costs of the corporate entity, less any income to the entity from other users of services, and (2) there are mutual unlimited guarantees of solvency between the entity and the health plan that put their respective capital and surplus at risk in guaranteeing each other.
- Line 11 – All Other Payments
- Include: Stop-loss payments for coverage as defined in the Analysis of Operations.
- Loss payments for disability income, long-term care, accidental death and dismemberment, hospital indemnity, specified disease and other accident coverage.
- Line 13 – Total
- This line agrees with Exhibit of Premiums, Enrollment and Utilization, Line 17, Column 1, sum of all states.

EXHIBIT 7 – PART 2 – SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

Use Lines 0000001 through 9999996, as needed, to list individually all intermediaries.

- Column 1 – NAIC Code
Include the NAIC Company Code for insurance entities and health care entities.
- Column 3 – Capitation Paid
Enter the total amount of capitation paid to the intermediary for the year.
- Column 4 – Average Monthly Capitation
Column 3 divided by the number of months that the contract was in effect.
- Column 5 – Intermediary’s Total Adjusted Capital
Include: The Total Adjusted Capital from the risk-based capital calculation for intermediaries subject to risk-based capital requirements in their state of domicile.
- Column 6 – Intermediary’s Authorized Control Level RBC
Include The Authorized Control Level RBC from the risk-based capital calculation for intermediaries subject to risk-based capital requirements in their state of domicile.

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EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Furniture and equipment includes furniture, fixtures, equipment, furniture and equipment defined as health care delivery assets, private passenger automobiles, and other fixed assets owned by the reporting entity. The purpose for this exhibit is to report in total and by category all furniture and equipment owned by the reporting entity.

A description of the information required by the columnar headings is as follows:

- Column 1 – Cost
Report the amount expended to acquire the property along with the costs associated with acquiring title.
- Column 2 – Improvements
Include: Any other amounts such as additions and improvements (at the time of purchase or subsequent) that have been capitalized.
- Column 3 – Accumulated Depreciation
Report the accumulated depreciation of the properties listed by category.
- Column 4 – Book Value less Encumbrances
Report the actual cost plus capitalized improvements, less depreciation, less any encumbrances.
- Column 6 – Net Admitted Assets
The sum of Lines 1 through 5, Column 6 on this page 2, Line 21.
- Line 1 – Administrative Furniture and Equipment
Include: Furniture, equipment and supplies used for administrative activities including claims processing, billing and maintenance of medical records.
- Line 2 – Medical Furniture, Equipment and Fixtures
Include: Diagnostic equipment.
Laboratory equipment.
Patient monitoring equipment.
Hospital beds.
Examining tables.
Operating room equipment.
- Line 3 – Pharmaceuticals and Surgical Supplies
Include: Drugs.
Surgical items such as implants.
Medical dressings used directly in the treatment of medical conditions.

Line 4 – Durable Medical Equipment

Include: Consumable or salable equipment, such as wheelchairs, crutches and braces, that is generally classified as inventory and is of a nature that it may be reused.

Line 5 – Other Property and Equipment

Include: Leasehold improvements.

Any property and equipment not reported in other provided lines.

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Please insert this page directly in front of the beginning of the Notes Section.

HEALTH

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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 blank. 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)
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, 5G, 5H, 5I, 5L(1) through 5L(4), 5M(1), 5M(2), 5N, 5O, 5P, 5Q and 5R
9	9A1, 9A2, 9A3, 9A4 and 9C
10	10M and 10N(2)
11	11B(2) through 11B(4)
12	12A(1) through 12A(8), 12A(11), 12A(12), 12C(1) and 12C(2)
13	13(11) and 13(12) NOTE: Applies to the table only and does not apply to narratives of these disclosures.
14	14A(2), 14A(3), 14B(2), 14B(3) and 14D
15	15A(2)a, 15B(1)c, 15B(2)b and 15B(2)c
16	16(1)
17	17C(2)
18	18A and 18B
19	All
20	20A(1), 20A(2), 20C and 20D
21	21E(1), 21E(4), 21F(2) through 21F(4), 21G(2), 21G(3) and 21H
22	22A through 22H
23	23C and 23D(1)a and 23D(2)a
24	24B and 24E
28	All
30	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, Capital and Surplus

4 – Statement of Revenue and Expenses

6 – 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 (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

- (1) The Company purchased 100% interest of XYZ Insurance Company on 6/30/____. XYZ Insurance Company is licensed in 49 states and sells individual term life products exclusively.
- (2) The transaction was accounted for as a statutory purchase.
- (3) The cost was \$_____, resulting in goodwill in the amount of \$_____.*
- (4) Goodwill amortization relating to the purchase of XYZ Insurance Company was \$_____ for the year ended 12/31/____.*

* 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 SVO-Identified 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.
- (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 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.

Note: The disclosures below are required for annual and interim reporting periods effective Dec. 31, 2016. Early application of the going concern guidance in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* is permitted.

- (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 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 32, Columns 2 & 3)	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 33, Columns 3 & 4)	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 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 amount of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

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.

Illustration: 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 scope of SSAP No. 30, 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. 54R—Individual and Group Accident and Health Contracts*.

- (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.
- 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 Revenue and Expenses, Line ____) were understated by \$ _____. Line ____ on the Assets Page and Line ____ on the Gains and Losses section of the Statement of Revenue and Expenses have been adjusted in the current year to correct for this error.

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 much amortized goodwill is reported as a component of the investment:

- (1) The name and brief description of the acquired entity;
- (2) Method of accounting, that is, the statutory purchase method;
- (3) Cost of the acquired entity and the amount of goodwill; and
- (4) The amount of amortization of goodwill recorded for the period.

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; and
- (5) A description of any adjustments recorded directly to surplus for any entity that previously did not prepare statutory statements.

C. Assumption Reinsurance

Disclose the following information regarding goodwill resulting from assumption reinsurance:

- (1) The name of the ceding entity;
- (2) The type of business assumed;
- (3) The cost of the acquired business and the amount of goodwill; and
- (4) The amount of amortization of goodwill recorded for the period.

D. 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

- (1) The company purchased 100% interest of XYZ Insurance Company on 6/30/____. XYZ Insurance Company is licensed in 49 states and sells individual term life products exclusively.
- (2) The transaction was accounted for as a statutory purchase.
- (3) The cost was \$_____, resulting in goodwill in the amount of \$_____.
- (4) Goodwill amortization relating to the purchase of XYZ Insurance Company was \$_____ for the year ended 12/31/_____.

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. Assumption Reinsurance

- (1) The Company completed an assumption reinsurance agreement with ABC Insurance Company during the current year.
- (2) The Company assumed the entire small group point of service block of business of ABC Insurance Company.
- (3) The Company paid \$_____ for the business resulting in goodwill of \$_____.
- (4) For the year ended 12/31/20____. Goodwill amortization for this transaction was \$_____.

D. 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 CLEARING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

A. Discontinued Operation Disposed of or Classified as Held for Sale

(c) 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. 27—Off-Balance-Sheet and Credit Risk Disclosure*.
- (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. Dealer Repurchase Agreements and/or Securities Lending Transactions

- (1) For repurchase agreements and 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:
- 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.
 - 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
 - Information about the sources and uses of the 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.
- 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.
 - 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 5L.

Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual reporting period. 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.)

For initial application (year-end 2017), information about the fourth quarter (year-end) balances should be included, without retrospective application of the quarterly detail. In 2018, 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 borrowings or as sale 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) does not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The average daily balance (along with minimum and maximum amounts) 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.
- (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 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.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

- (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, greater than 90 days.
- (10) For cash collateral received that has been reinvested, the total invested 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 borrowings or as sale 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 average daily balance (along with minimum and maximum amounts) 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.
- (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 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.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

- (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, 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 secured borrowings or 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 average daily balance (along with minimum and maximum amounts) 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.
- (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 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.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction.

- (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 secured borrowings or 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 average daily balance (along with minimum and maximum amounts) 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.
- (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 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.)

Allocation of the fair value of securities sold and/or acquired by counterparty and identification of the counterparty jurisdiction, and

- (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 statement of revenue and expenses, the caption in statement of revenue and expenses 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 real estate 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; and
 - 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.

Restricted assets in the separate account are not intended to capture amounts "restricted" only because they are insulated from the general account or because they are attributed to specific policyholders. Separate account assets shall be captured in this disclosure only if they are restricted outside of these characteristics.

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 of 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. Structured Notes

Disclose the following for Structured Notes as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

- CUSIP Identification Number
- Actual Cost
- Fair Value
- Book/Adjusted Carrying Value

Also disclose if the Structured Note is a Mortgage-Referenced Security, also as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

P. 5* Securities

For each annual reporting period, a comparable disclosure to the prior annual reporting period of the number of 5* securities, by investment type, and the book adjusted carrying value and fair value for those securities.

Q. 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 securities 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.

R. 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 C/SIPs 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 11) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

	<u>Current Year</u>	<u>Prior Year</u>
(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:

Farm	Residential		Commercial		Mezzanine	Total
	Insured	All Other	Insured	All Other		

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	\$	\$	\$	\$	\$	\$
-------------------------	----------	----------	----------	----------	----------	----------

Not for Distribution

(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:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
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:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
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:		
		<u>Current Year</u>	<u>Prior Year</u>
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:		<u>Current Year</u>
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		
		<u>Current Year</u>	<u>Prior Year</u>
(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 recognizes 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 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.

Not for Distribution

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(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 1 st 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 1 st Quarter	\$ _____	\$ _____	\$ _____
OTTI recognized 2 nd 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 2 nd Quarter	\$ _____	\$ _____	\$ _____
OTTI recognized 3 rd 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 3 rd Quarter	\$ _____	\$ _____	\$ _____
OTTI recognized 4 th 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 4 th Quarter	\$ _____	\$ _____	\$ _____
m. Annual Aggregate Total		\$ _____	

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(3)

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 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

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(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 realized 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

(c) 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.

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

(3) Collateral Received

a. Aggregate Amount Collateral Received

	<u>Fair Value</u>
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.

Not for Distribution

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

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

	<u>Amortized Cost</u>	<u>Fair Value</u>
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

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
--	-----------------------	------------------------	-----------------------	------------------------

- a. Bilateral (YES/NO)
- b. Tri-Party (YES/NO)

(3) Original (Flow) & Residual Maturity

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty								

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty*								

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 2 through 10.

(5) Securities "Sold" Under Repo – Secured Borrowing

1	2	FIRST QUARTER		SECOND QUARTER					
		3	4	5	6	7	8		
		MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b.	Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c.	Fair Value								

9	10	THIRD QUARTER		FOURTH QUARTER					
		11	12	13	14	15	16		
		MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	BACV	XXX	XXX	XXX		XXX	XXX	XXX	
b.	Nonadmitted – Subset of BACV	XXX	XXX	XXX		XXX	XXX	XXX	
c.	Fair Value								

(6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

1	2	3	4	5	6	7	8
NONADMITTED	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	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						

(7) Collateral Received – Secured Borrowing

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

ENDING BALANCE

1	2	3	4	5	6	7	8
NONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	DOES NOT QUALIFY AS ADMITTED

- a. Cash
- b. Bonds – FV
- c. LB & SS – FV
- d. Preferred Stock – FV
- e. Common Stock
- f. Mortgage Loans – BACV
- g. Mortgage Loans – FV
- h. Real Estate – FV
- i. Derivatives – FV
- j. Other Invested Assets – FV
- k. Total Collateral Assets – FV

(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			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash (Collateral – All)
- b. Securities Collateral (FV)

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash (Collateral – All)
- b. 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

1	2	3	4
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			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty								

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty*								

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in columns 2 through 10.

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

(5)	Fair Value of Securities Acquired Under Repo – Secured Borrowing						

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

(5)	Fair Value of Securities Acquired Under Repo – Secured Borrowing						

(6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

ENDING BALANCE

1	2	3	4	5	6	7	8
ONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	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						

(7) Collateral Pledged – Secured Borrowing

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)
- c. Securities (BACV)
- d. Nonadmitted Subset (BACV)

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)
- c. Securities (BACV)
- d. 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. 61 to 90 Days
- d. > 90 Days

(9) Recognized Receivable for Return of Collateral – Secured Borrowing

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)

(10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Repo Securities Sold/Acquired with Cash Collateral
- b. Repo Securities Sold/Acquired with Securities Collateral (FV)

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Repo Securities Sold/Acquired with Cash Collateral
- b. 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

1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
-----------------------	------------------------	-----------------------	------------------------

- a. Bilateral (YES/NO)
- b. Tri-Party (YES/NO)

(3) Original (Flow) & Residual Maturity

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)
- b. Counterparty

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)
- b. Counterparty*

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in Columns 2 through 10.

(5) Securities "Sold" Under Repo – Sale

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. BACV
- b. Nonadmitted – Subset of BACV
- c. Fair Value

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. BACV
- b. Nonadmitted – Subset of BACV
- c. Fair Value

(6) Securities Sold Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1	2	3	4	5	7	8	
	NONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	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

(7) Proceeds Received – Sale

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)
- c. Nonadmitted

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Cash
- b. Securities (FV)
- c. Nonadmitted

(8) Cash & Non-Cash Collateral Received – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	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 – BACV								
f. Mortgage Loans – FV								
g. Real Estate – FV								
h. Derivatives – FV								
i. Other Invested Assets – FV								
j. Total Assets – FV								

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

(9) Recognized Forward Resale Commitment

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

(9) Recognized Forward Resale Commitment

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

1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
--------------------	---------------------	--------------------	---------------------

- a. Bilateral (YES/NO)
- b. Tri-Party (YES/NO)

(3) Original (Flow) & Residual Maturity

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

- a. Open – No Maturity
- b. Overnight
- c. 2 Days to 1 Week
- d. > 1 Week to 1 Month
- e. > 1 Month to 3 Months
- f. > 3 Months to 1 Year
- g. > 1 Year

(4) Counterparty, Jurisdiction and Fair Value (FV)

1	2	FIRST QUARTER				SECOND QUARTER			
		3	4	5	6	7	8	9	10
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty								

1	2	THIRD QUARTER				FOURTH QUARTER			
		11	12	13	14	15	16	17	18
	Jurisdiction	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	Default (Fair Value of Securities Sold/Outstanding for Which the Repo Agreement Defaulted)	XXX							
b.	Counterparty*								

* Counterparty and Jurisdiction Column entries used for the amounts for Columns 11 through 18 are the same as used above in columns 2 through 10.

(5) Securities Acquired Under Repo – Sale

FIRST QUARTER				SECOND QUARTER			
1	2	3	4	5	6	7	8
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	BACV	XXX	XXX	XXX	XXX	XXX	XXX
b.	Nonadmitted – Subset of BACV	XXX	XXX	XXX	XXX	XXX	XXX
c.	Fair Value						

THIRD QUARTER				FOURTH QUARTER			
9	10	11	12	13	14	15	16
MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE

a.	BACV	XXX	XXX	XXX	XXX	XXX	XXX
b.	Nonadmitted – Subset of BACV	XXX	XXX	XXX	XXX	XXX	XXX
c.	Fair Value						

(6) Securities Acquired Under Repo – Sale by NAIC Designation

ENDING BALANCE

	1 NONE	2 NAIC 1	3 NAIC 2	4 NAIC 3	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								

(7) Proceeds Provided – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE
a. Cash								
b. Securities (FV)								
c. Securities (BACV)	XXX	XXX	XXX		XXX	XXX	XXX	
d. Nonadmitted Subset	XXX	XXX	XXX		XXX	XXX	XXX	

(8) Recognized Forward Resale Commitment

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 ENDING BALANCE

(8) Recognized Forward Resale Commitment

	THIRD QUARTER				FOURTH QUARTER			
	9 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 ENDING BALANCE

L. Restricted 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.

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted Total Assets (a)	7 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 6 divided by Asset Page, Column 1, Line 28
 (b) Column 5 divided by Asset Page, Column 3, Line 28

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) 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 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Gross (Admitted & Nonadmitted) Restricted to Total Asset)	6 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

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) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

Description of Assets	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Gross (Admitted & Nonadmitted) Restricted to Total Assets	6 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 Column 4 should equal 5L(1)n 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.

- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted *	4 % 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 Amount	2 % of Liability to Total Liabilities *
k. Recognized Obligation to Return Collateral Asset	\$%

* Column 1 divided by Liability Page, Line 24 (Column 3)

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	<u>\$</u>	<u>\$</u>	<u>\$</u>

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	<u>\$ _____</u>

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. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (YES/NO)
.....	\$	\$	\$
.....
.....
.....
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.

P. 5* Securities

Investment	Number of 5* Securities		Aggregate ACV		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.

Q. 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.

R. 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 impaired investments in 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. A discussion of the market risk, credit risk and cash requirements of the derivative.
- B. A description of the reporting entity's objective 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.
- C. 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.
- D. 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.
- E. 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.
- F. For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:
 - (1) 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
 - (2) 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.

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 a 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 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.

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:

	12/31/2017			12/31/2016			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 Assets (1c - 1d)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(f) Deferred Tax Liabilities	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

	12/31/2017			12/31/2016			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
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Reversible 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.		2017	2016
(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.	12/31/2017		12/31/2016		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

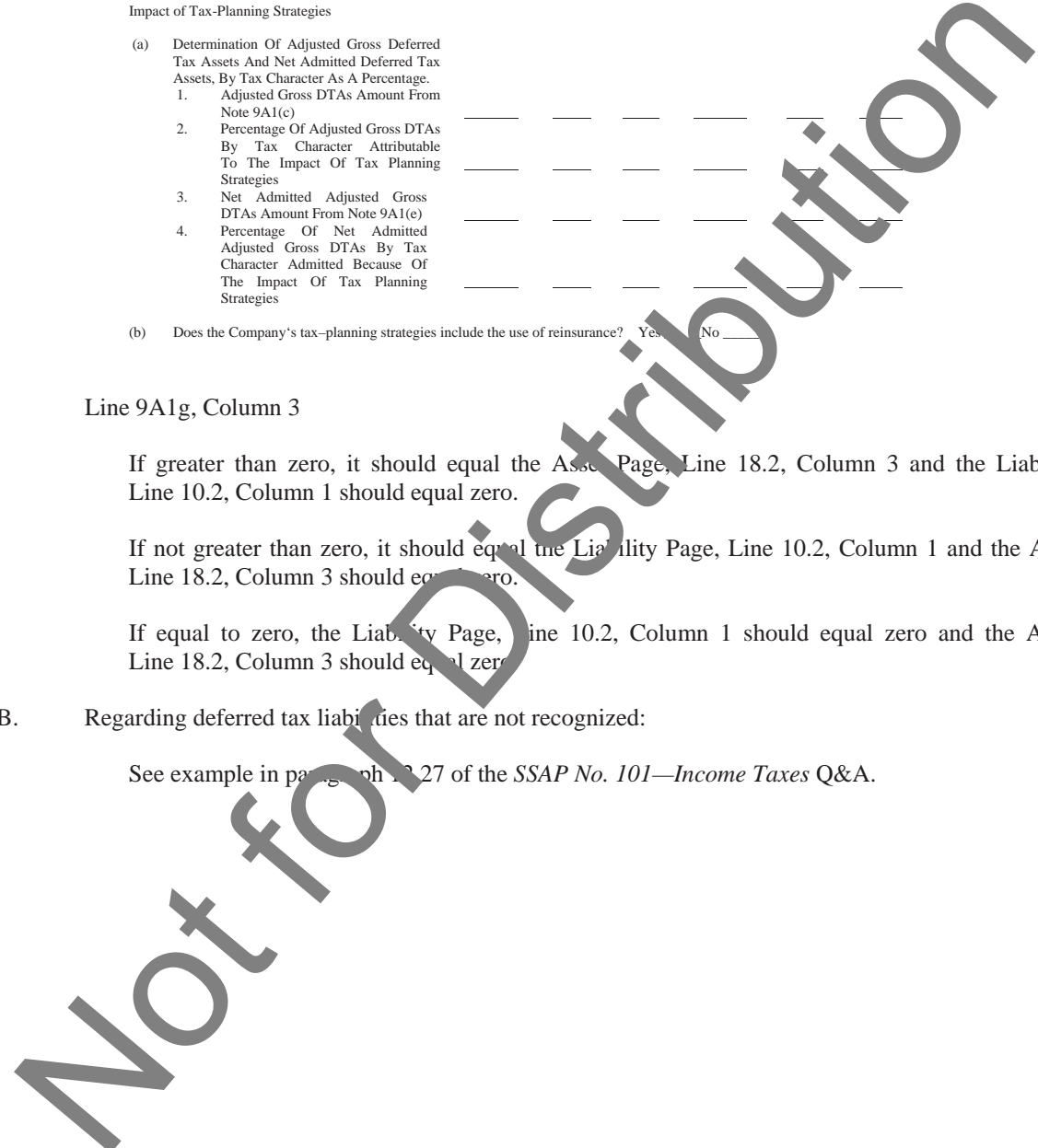
If greater than zero, it should equal the Asset Page, Line 18.2, Column 3 and the Liability Page, Line 10.2, Column 1 should equal zero.

If not greater than zero, it should equal the Liability Page, Line 10.2, Column 1 and the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero, the Liability Page, Line 10.2, 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 2.27 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)	(2)	(3)
	12/31/2017	12/31/2016	(Col 1-2) 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 –)	\$ _____	\$ _____	\$ _____
(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 (2a99 – 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 12.31 of the *SSAP No. 101—Income Taxes Q&A*.

- E. See example in paragraph 12.32 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 12.34 of the *SSAP No. 101—Income Taxes Q&A*.

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 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 reported to be arm's-length transactions unless there is demonstrable evidence to support such statement. 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 and non-reinsurance transactions that involve 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:
 - (1) Date of transaction;
 - (2) Explanation of transaction;
 - (3) Name of reporting entity;
 - (4) Name of affiliate;
 - (5) Description of assets received by reporting entity;
 - (6) Statement value of assets received by reporting entity;
 - (7) Description of assets transferred by reporting entity; and
 - (8) Statement value of assets transferred by reporting entity.
- C. 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.
- 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. 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.
- F. 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.
- 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 of 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 asset 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 Entities 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, in 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 SCA

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.

Illustration:

A., B.

& C. The Company paid common stock dividends to the Parent Company, The ABC Insurance Company, on July 15, 20____, totaling \$_____.

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 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.

F. 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.

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 35% limited partnership interest in XYZ 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 XYZ 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 (Should be same entities as shown in M. 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(i) Entities			\$			
.....						
.....						
Total SSAP No. 97 8b(i) Entities	XXX	XXX	\$	XXX	XXX	XXX
c. SSAP No. 97 8b(ii) Entities			\$			
.....						
.....						
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$	XXX	XXX	XXX
d. SSAP No. 97 8b(iii) Entities			\$			
.....						
.....						
Total SSAP No. 97 8b(iii) 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 (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)

11. Debt

Instruction:

- 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
- 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 years 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 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 or Estimated Borrowing Capacity as Determined by the Insurer	.....
	11B(2)a1(f) should be equal to or greater than 11B(2)a1(d)	
	11B(2)a2(f) should be equal to or greater than 11B(2)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	2	3
Fair Value	Carrying Value	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	2	3
Fair Value	Carrying Value	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)

Not for Distribution

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

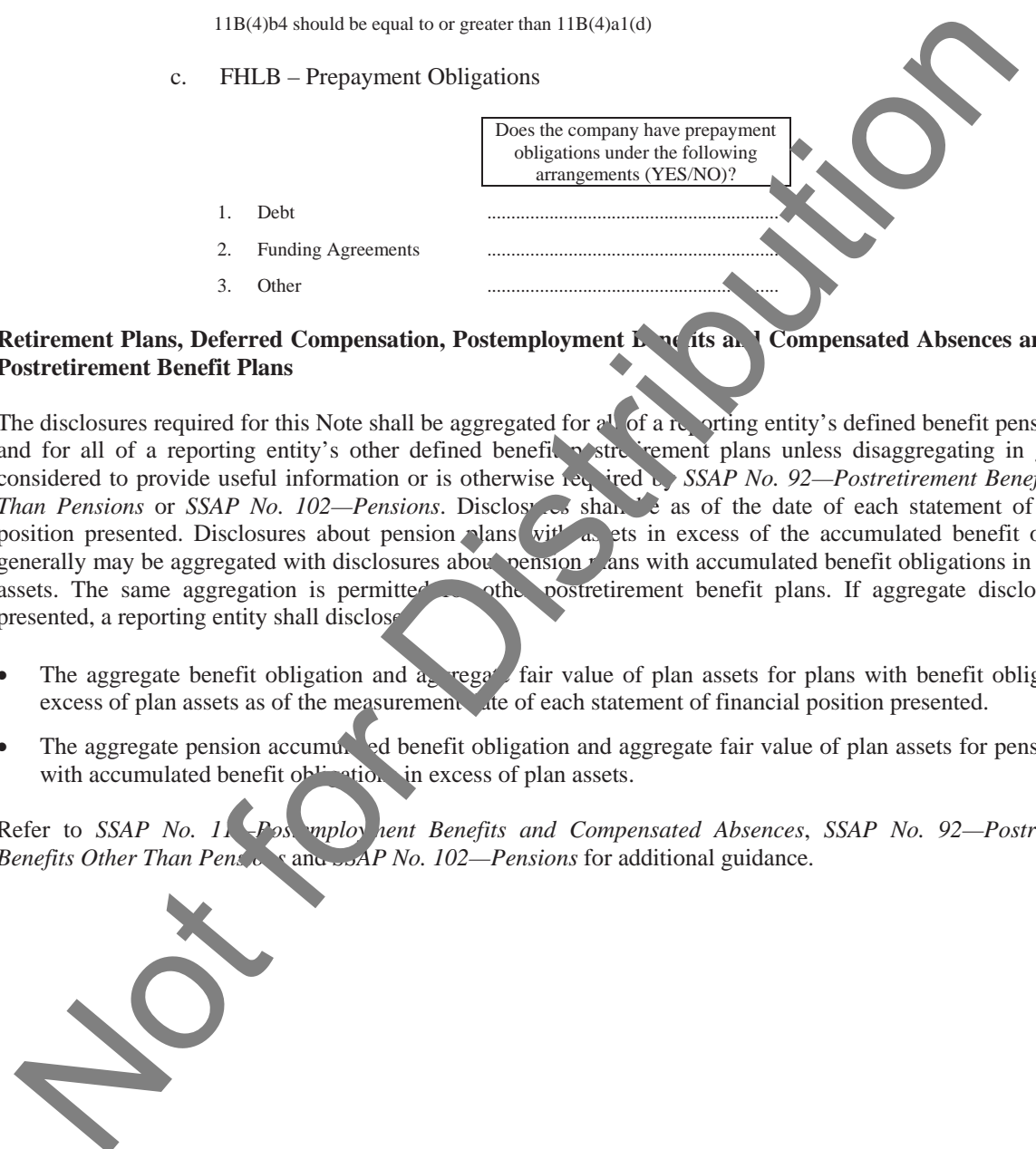
	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt
2. Funding Agreements
3. Other

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 resided 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.
- Service cost
 - Interest cost
 - Expected return on plan assets for the period
 - Transition asset or obligation
 - Gains and losses
 - Prior service cost or credit
 - Gain or loss recognized due to a settlement or curtailment
 - Total net periodic benefit cost
- (5) Separately the net gain or loss and net prior service cost or credit recognized in unassigned funds (surplus) for the period and reclassification adjustments of unassigned funds (surplus) for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.
- (6) The amounts in unassigned funds (surplus) expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.
- (7) The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.
- (8) On a weighted-average basis, the following assumptions used in accounting for the plans:
- Assumed discount rate
 - Rate of compensation increase (for pay-related plans)
 - Expected long-term rate of return on plan assets
- (9) The amount of the accumulated benefit obligation for defined benefit pension plans.
- (10) For postretirement benefits other than pensions, the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.
- (11) For postretirement benefits other than pensions, the effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on: (1) the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost; and (2) the accumulated postretirement benefit obligation for health care benefits. (For purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting.)
- (12) The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter. The expected benefits should be estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.
- (13) The reporting entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.

- (14) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the reporting entity or related parties, and any significant transactions between the reporting entity or related parties and the plan during the period.
- (15) If applicable, any alternative method used to amortize prior service amounts or net gains and losses.
- (16) If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.
- (17) If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.
- (18) An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions*.
- (19) The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.
- (20) Reporting entities are required to disclose the accumulated postretirement and pension benefit obligation and the fair value of plan assets for defined postretirement and pension benefit plans in the first reporting period after the effective date of this standard and in each subsequent reporting period. This disclosure shall specifically note the funded/underfunded status of the postretirement benefit plan. Reporting entities shall also specifically note the surplus impact necessary, at each reporting date, to reflect the full benefit obligation within the financial statements.
- (21) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* must disclose the full transition surplus impact calculated from applying guidance in the first quarter statutory financial statements after the transition date and each reporting period thereafter. This disclosure shall include the initial “transition liability” calculated under guidance and the annual amortization amount of the “unrecognized items” into net periodic benefit cost. This disclosure shall include a schedule of the entity’s anticipated recognition of the remaining surplus impact over the transition period.

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

Information about plan assets:

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

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

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

- B. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to “C” below, as of the latest statement of financial position presented (on a weighted-average basis for reporting entities with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in “C” below, a description of the significant investment strategies of those funds shall be provided.
- C. The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in a reporting entity 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 measurement 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) For fair value measurements of plan assets using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
- a. Actual return on plan assets, separately identifying the amount related to assets still held at the reporting date and the amount related to assets sold during the period.
 - b. Purchases, sales, and settlements (each type disclosed separately).
 - c. Transfers in and/or out of Level 3 (for example, transfers due to changes in the observability of significant inputs).
- (3) 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 segregating 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, divestitures, 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 periodic 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 require 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).

Illustration:

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

	<u>Overfunded</u>		<u>Underfunded</u>	
	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

	<u>Overfunded</u>		<u>Underfunded</u>	
	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 Contractual Benefits Per SSAP No. 11

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

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

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

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

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

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

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

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

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

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

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

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

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

- (8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31
- | | | |
|---|-------|-------|
| | 20__ | 20__ |
| a. Weighted-average discount rate | _____ | _____ |
| b. Expected long-term rate of return on plan assets | _____ | _____ |
| c. Rate of compensation increase | _____ | _____ |

- Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:
- | | | |
|-----------------------------------|-------|-------|
| | 20__ | 20__ |
| d. Weighted-average discount rate | _____ | _____ |
| e. Rate of compensation increase | _____ | _____ |

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

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

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

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

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

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

	<u>Year(s)</u>	<u>Amount</u>
a.	20__	\$ _____
b.	20__	\$ _____
c.	20__	\$ _____
d.	20__	\$ _____
e.	20__	\$ _____
f.	20__ through 20__	\$ _____

- (13) The Company does not have any regulatory contribution requirements for 20__ however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of \$245 million in 20__.
- (20) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.
- (21) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.

C.

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

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

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
.....	\$	\$	\$	\$
.....
.....
.....
Total Plan Assets	\$ _____	\$ _____	\$ _____	\$ _____

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

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

Description for each class of plan assets	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
.....
.....
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, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Instruction:

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

- (1) The number of shares of each class of capital stock authorized, issued and outstanding as of the balance sheet date and the par value or stated value of each class.
- (2) The dividend rate, liquidation value and redemption schedule (including prices and dates) of any preferred stock issues.
- (3) Dividend restrictions, if any, and an indication if the dividends are cumulative.
- (4) The dates and amounts of dividends paid. Note for each payment whether the dividend was ordinary or extraordinary.
- (5) The portion of the reporting entity's profits that may be paid as ordinary dividends to stockholders.
- (6) A description of any restrictions placed on the unassigned funds (surplus), including for whom the surplus is being held.
- (7) For mutual reciprocals, and similarly organized entities, the total amount of advances to surplus not repaid, if any.
- (8) The total amount of stock held by the reporting entity, including stock of affiliated entities, for special purposes such as:
 - a. Conversion of preferred stock
 - b. Employee stock options
 - c. Stock purchase warrants
- (9) A description of the reasons for changes in the balances of any special surplus funds from the prior period.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses.
- (11) Surplus Notes
For each surplus debenture or similar obligation, except those surplus notes required or those that are a prerequisite for purchasing an insurance policy and are held by the policyholder, furnish the following information:
 - a. Date issued
 - b. Description of the assets received
 - c. Holder of the note or, if public, the names of the underwriter and trustee
 - d. Par Value (Face Amount of Note)
 - e. Carrying value of note
 - f. The rate at which interest accrues
 - g. Maturity dates or repayment schedules, if stated
 - h. Unapproved interest and/or principal

- i. Interest and/or principal paid in the current year
 - j. Total interest and/or principal paid on surplus notes
 - k. Subordination terms
 - l. Liquidation preference to the reporting entity's common and preferred shareholders
 - m. The repayment conditions and restrictions
 - n. In addition to the above, a reporting entity shall identify all affiliates that hold any portion of a surplus debenture or similar obligation (including an offering registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933), and any holder of 10% or more of the outstanding amount of any surplus note registered under the Securities Act of 1933 or distributed pursuant to Rule 144A under the Securities Act of 1933.
- (12) The impact of the restatement in a quasi-reorganization as long as financial statements for the period of the reorganization are presented.
- (13) The effective date of a quasi-reorganization for a period of ten years following the reorganization.

Illustration:

- (1) The Company has _____ shares authorized, _____ shares issued and _____ shares outstanding. All shares are Class A shares.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, _____, to \$_____, an amount that is based on restrictions relating to statutory surplus.
- (4) An ordinary dividend in the amount of \$ _____ on _____ was paid by the Company.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) The total amount of advances to surplus not repaid is \$_____.
- (8) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes are:
 - a. For conversion of preferred stock: _____ shares
 - b. For employee stock options: _____ shares
 - c. For stock purchase warrants: _____ shares
- (9) Changes in balances of special surplus funds from the prior year are due to: _____
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ _____.

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

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

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

* Total should agree with Page 3, Line 29.

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).

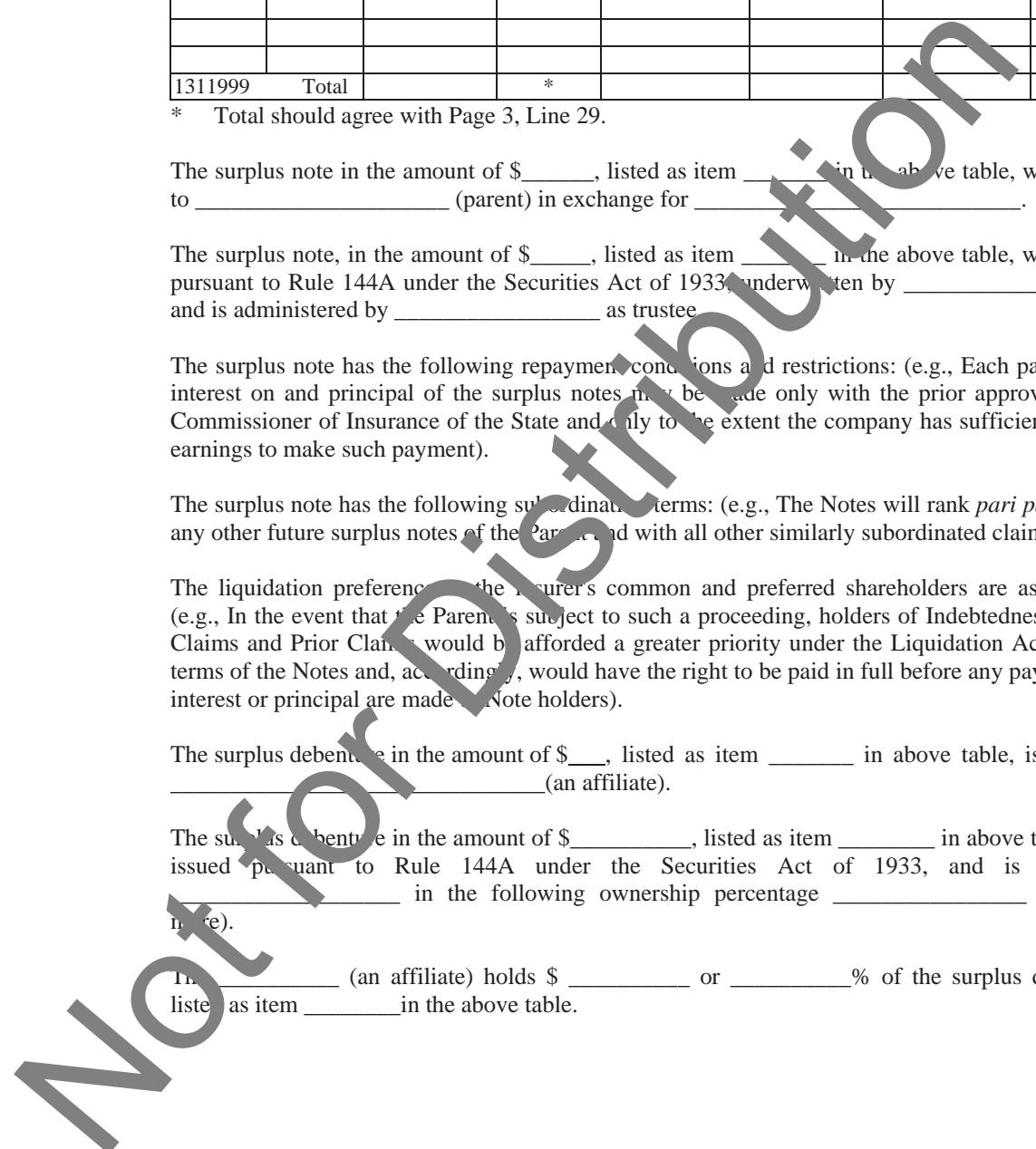
The surplus note has the following subordination terms: (e.g., The Notes will rank *pari passu* with any other future surplus notes of the Parent and with all other similarly subordinated claims).

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

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

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

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



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

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

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

	<u>Change in Year Surplus</u>	<u>Change in Gross Paid-in and Contributed Surplus</u>
2007	\$ _____	\$ _____
2006	\$ _____	\$ _____
2005	\$ _____	\$ _____
<i>etc.</i>		

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

14. Liabilities, Contingencies and Assessment

Instruction:

For disclosures related to *SSAP No. 5R—Liabilities, Contingencies and Impairment 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 free-standing or embedded in another contract.
- (3) An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered.

B. Assessments

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

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

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

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

- The discount rate applied as of the current reporting date (determined in accordance with *SSAP No. 35R—Guaranty Fund and Other Assessments*);
- The following disclosures shall be by insolvency:
 - ❖ The undiscounted and discounted amount of the guaranty fund assessments and related assets;
 - ❖ The number of jurisdictions for which the long-term care guaranty fund assessments payables were discounted and the number of jurisdictions for which asset recoverables were discounted (e.g., 2-10, 5-20);
 - ❖ Identify the ranges of years used to discount the assets and the range of years used to discount the liabilities;
 - ❖ The weighted average numbers of years of the discounting time period for long-term care guaranty fund assessment liabilities; and
 - ❖ The weighted average number of years of the discounting time period for the asset recoverables.

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

C. Gain Contingencies

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

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

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

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

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

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

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

For purposes of this disclosure, the following are not considered extra contractual obligations:

- a. Attorneys' fees, unless a part of other extra contractual obligations lawsuits;
- b. Costs and payments resulting from arbitration and external review determinations;
- c. Interest payments made as required under prompt-payment requirements; and
- d. Claim settlements within the lifetime policy benefit limits.

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. 21—Other Admitted Assets*; *SSAP No. 47—Uninsured Plans*; *SSAP No. 54R—Individual and Group Accident and Health Contracts*; *SSAP No. 56—Separate Accounts*; *SSAP No. 66—Retrospectively Rated Contracts*; *SSAP No. 86—Derivatives*; and other SSAPs as required.

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

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

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

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(3)

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

B. Assessments

(1)

Where Amount is Unknown

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

Where Amount is Known (Retrospective Example)

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

Where Amount is Known (Prospective Example)

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

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- (2)
- a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end \$
 - b. Decreases current year:
 - Policy surcharges collected \$
 - Policy surcharges charged off \$
 - Premium tax offset applied \$
 - \$
 - \$
 - \$
 - c. Increases current year:
 - Policy surcharges collected \$
 - Policy surcharges charged off \$
 - Premium tax offset applied \$
 - \$
 - \$
 - \$
 - d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end \$

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- (3)
- a. Discount Rate Applied %
 - b. The Undiscounted and Discounted Amount of the Guaranty Fund Assessments and Related Assets by Insolvency

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

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

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

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.

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

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

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

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

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

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

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

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. 22—Leases*):
- (1) A general description of the lessee's leasing arrangements including, but not limited to, the following:
 - a. Rental expense for each period for which an income statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals. Rental payments under leases with terms of a month or less that were not renewed need not be included.
 - b. The basis on which contingent rental payments are determined.
 - c. The existence and terms of renewal or purchase options and escalation clauses.
 - d. Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing.
 - e. Identification of lease agreements that have been terminated early or for which the lessee is no longer using the leased property benefits, and the liability recognized in the financial statements under these agreements.
 - (2) For leases having initial or remaining noncancelable lease terms in excess of one year:
 - a. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; 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. As January 1, 20___, the minimum aggregate rental commitments are as follows:

	<u>Year Ending</u> <u>December 31</u>	<u>Operating Leases</u>
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.

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- 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 could 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 determined 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.

	<u>Assets</u>		<u>Liabilities</u>	
	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

Instruction:

A. Transfers of Receivables Reported as Sales

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

- (1) The proceeds to the transferor.
- (2) The gain or loss recorded on the sale.

B. Transfer and Servicing of Financial Assets

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

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

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

- (2) For all servicing assets and servicing liabilities:
 - a. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value to the servicing assets and servicing liabilities. (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities is encouraged but not required.)
 - b. The amount of **contractually specified servicing fees**, late fees and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.
 - c. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses and prepayment speeds). An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities is 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 transferee's beneficial interests.

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

1. Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk and other risks), including:
 - (a) The total principal amount outstanding, the amount that has been derecognized and the amount that continues to be recognized in the statement of financial position.
 - (b) The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss and the amount of the maximum exposure to loss.

- (c) Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including when the transferor assisted the transferee or its beneficial interest holders in obtaining support, including:
- The type and amount of support.
 - The primary reasons for providing the support.
- (d) Information is encouraged about any liquidity arrangements, guarantees and/or other commitments provided by third parties related to the transferred financial assets that may affect the transferor's exposure to loss or risk of the related transferor's interest.
2. The entity's accounting policies for subsequently measuring assets and liabilities that relate to the continuing involvement with the transferred financial assets;
 3. The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement, including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates; expected prepayments, including the expected weighted-average life of pre-payable financial assets; and anticipated credit losses, including expected static pool losses).
 4. For the transferor's interests in the transferred financial assets, a sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported per *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* independently from any change in another key assumption, and a description of the objectives, methodology and limitations of the sensitivity analysis or stress test.
 5. Information about the asset quality of transferred financial assets and any other assets that it manages together with them. This information shall be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets, as well as in other assets and liabilities that it manages together with transferred financial assets. For example, information for receivables shall include, but is not limited to:
 - Delinquencies at the end of the period.
 - Credit losses, net of recoveries, during the period.
- (5) Disclosure requirements for transfers of financial assets accounted for as secured borrowing (excluding repurchase and reverse repurchase transactions disclosed under Notes 5F through 5I above):
- The carrying amounts and classifications of both assets and associated liabilities recognized in the transferor's statement of financial position at the end of each period presented, including quantitative 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 a NAIC designation of 3 or below, or unrated (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

Instruction:

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

A. ASO Plans

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

For the total and each category separately provide:

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

B. ASC Plans

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

For the total and each category separately provide:

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

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

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

- (1) Major components of revenue by payor
- (2) Receivables from payors with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans or \$10,000
- (3) Recorded allowances and reserves for adjustment of recorded revenues
- (4) Adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period

Illustration:

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

A. ASO Plans

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

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

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. ASC Plans

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

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

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

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

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

ABC Company \$ _____
 XYZ Company \$ _____

- (3) In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded allowances and reserves for adjustment of recorded revenues in the amount of \$_____ at December 31, 20___.
- (4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

Instruction:

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

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

Illustration:

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

* Authority Codes Sample Listing:

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

20. Fair Value Measurements

Instruction:

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

For assets and liabilities that are measured and reported¹ at fair value in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements; and

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

To meet these objectives, the reporting entity shall disclose the information in paragraphs (1) through (4) below for each class of assets and liabilities measured and reported at fair value 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).

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

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

- a. Total gains or losses for the period recognized in income or surplus.
- b. Purchases, sales, issues and settlements (each type disclosed separately).
- c. The amounts of any transfers into or out of Level 3, the reasons for those transfers, and the reporting entity's policy for determining when transfers between levels are recognized. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

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

- a. The actual date of the event or change in circumstances that caused the transfer.
- b. The beginning of the reporting period.
- c. The end of the reporting period.

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

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

For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, *SSAP No. 100—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 fair value 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. 100—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 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*), post-employment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in *SSAP No. 12—Employee Stock Ownership Plans*, *SSAP No. 104R—Share-Based Payments*, *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*.
- Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
- Insurance contracts, other than financial guarantees and deposit-type contracts
- Lease contracts as defined in *SSAP No. 22—Leases*.
- Warranty obligations and rights.
- Investments accounted for under the equity method
- Equity instruments issued by the entity.

Fair value disclosed in the notes shall be presented together with the related admitted values in a form that makes it clear whether the fair values and admitted values represent assets or liabilities and to which line items in the Statement of Assets, Liabilities, Surplus and Other Funds they relate. Unless specified otherwise in another SSAP, the disclosure 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, 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, such as the carrying amount, effective interest rate and maturity; and
 - (2) The reasons why it is not practicable to estimate fair value.

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)	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	\$	\$	\$	\$
b. Liabilities at fair value				
Derivative liabilities	\$	\$	\$	\$
.....				
.....				
Total liabilities at fair value	\$	\$	\$	\$

Example Footnote:

(a) Company transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market price was not readily accessible.

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

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(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, 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 uses an income approach. The significant inputs to 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.

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C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	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.

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D. Not Practicable to Estimate Fair Value

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

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

21. Other Items

Instruction:

A. Unusual or Infrequent Items

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

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

B. Troubled Debt Restructuring: Debtors

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

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

- (1) For each restructuring (or separate restructuring within a fiscal period for the same category of payables) (e.g., accounts payable or subordinated debentures) a description of the principal changes in terms, major features of settlement, or both;
- (2) Aggregate gain on restructuring of payables and the related income tax effect;
- (3) Aggregate net gain or loss on transfers of assets recognized during the period; and
- (4) For periods after a troubled debt restructuring, the extent to which amounts that are contingently payable are included in the carrying amount of restructured payables and the conditions under which those amounts would become payable or would be forgiven.

C. Other Disclosures

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

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

D. Business Interruption Insurance Recoveries

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

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

E. State Transferable and Non-transferable Tax Credits

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

- (1) Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total;
- (2) Method of estimating utilization of remaining transferable and non-transferable state tax credits or other projected recovery of the current carrying value; and
- (3) Impairment amount recognized by the reporting period, if any.
- (4) Identify state tax credits by transferable and non-transferable classifications, and identify the admitted and nonadmitted portions of each classification.

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

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

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

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

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

- (3) Direct exposure through other investments. Please provide the following information related to other investments with subprime exposure:
- Actual cost
 - Book/adjusted carrying value
 - Fair value
 - Any other-than-temporary impairment losses recognized to date

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

- Residential mortgage-backed securities
 - Commercial mortgage-backed securities
 - Collateralized debt obligations
 - Structured securities (including principal protected notes)
 - Equity investments in subsidiary, controlled or affiliated entities with significant subprime mortgage related risk exposure (a general description of the nature and extent of the SCA's exposure should be included)
 - Other assets (including but not limited to hedge funds, credit default swaps, special investment vehicles)
- (4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage. Please provide the following information, by coverage type, related to underwriting exposure on policies issued for Mortgage Guaranty coverage or Financial Guaranty coverage and any other lines of insurance expected to be impacted:
- The aggregate amount of subprime related losses paid in the current year;
 - The aggregate amount of subprime related losses incurred in the current year;
 - The aggregate amount of subprime related case reserves at the end of the current reporting period;
 - The aggregate amount of subprime related IBNR reserves at the end of the current reporting period.

G. Retained Assets

Disclose the following information regarding the reporting entity's use of retained asset accounts for beneficiaries. For purposes of this disclosure, retained asset accounts represent settlement of life insurance proceeds which are retained by the insurance entity within their general account for the benefit of the beneficiaries. Amounts held outside of the insurance entity, for example in a non-insurance subsidiary, affiliated or controlled entity accounted for under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* such as an interest bearing account established in the beneficiaries name with a bank or thrift institution (and subject to applicable Federal Deposit Insurance Corporation coverage) are only required to be described in the context of the structure of the reporting entity's program in accordance with (1), but quantitative information regarding retained asset accounts transferred outside of the reporting entity are not required.

- (1) A narrative description of how the accounts are structured and reported within the reporting entity's financial statements (e.g., as drafts written by the reporting entity and reported within cash and supplemental contracts without life contingencies; as accounts transferred into the beneficiaries name to an affiliated or unaffiliated bank or other financial institution in which the reporting entity has disposed of its liabilities and related assets, etc.). This description should include all of the different interest rates paid to retained asset account holders during the reporting year and the number of times changes in rates were made during the reporting year. The description should also include a listing of all applicable fees charged by the reporting entity that are directly or indirectly associated with the retained asset accounts. Also indicate if the retained asset account is the default method for satisfying life insurance claims.

- (2) Number and balance of retained asset accounts in force at the end of the current year and prior year segregated within “aging categories” of “up to 12 months,” “13 to 24 months,” “25 to 36 months,” “37 to 48 months,” “49 to 60 months,” “over 60 months.”
- (3) Disclose the following segregated between individual and group contracts:
 - Number and balance of retained asset accounts in force at the beginning of the year;
 - Number and amount of retained asset accounts issued during the year;
 - Investment earnings credited to retained asset accounts;
 - Fees and other charges assessed to retained asset accounts during the year;
 - Number and amount of retained asset accounts transferred to state unclaimed property funds;
 - Number and amount of retained asset accounts closed/withdrawn during the year; and
 - Number and balance of retained asset accounts in force at the end of the year.

H. 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 ceding reporting entity in completing the disclosure,

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

Illustration:

A. Unusual or Infrequent Items

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

B. Troubled Debt Restructuring

- (1) The Company has one mortgage loan payable with restructured terms. The principal changes in terms include the modification of terms from __ years to __ years and an increase in the interest rate from __% to __%.
- (2) The aggregate gain on restructuring the payable and the related income tax effect were \$_____ and \$_____, respectively.
- (3) The aggregate gain on the transfer of assets during 20__ was \$_____.
- (4) As of December 31, 20__, the Company has \$_____ that is considered contingently payable on the restructured loan, of which \$_____ is included in the loan's carrying amount. The Company will be required to pay the contingent amount if its financial condition improves to the degree specified in the loan agreements.

C. Other Disclosures

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

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

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

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

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

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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-downs 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

	<u>Total Admitted</u>	<u>Total Non-Admitted</u>
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 restructure terms					
Total					XXX

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

(3) Direct exposure through other investments.

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

* ABC Company's subsidiary XYZ Company has investments in subprime mortgages. These investments comprise ____% of the company's 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				

G. Retained 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.

(2)

	In Force			
	As of End of Current Year		As of End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 months		\$		\$
b. 13 to 24 months		\$		\$
c. 25 to 36 months		\$		\$
d. 37 to 48 months		\$		\$
e. 49 to 60 months		\$		\$
f. Over 60 months		\$		\$
g. Total		\$		\$

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(3)

	Individual		Group	
	Number	Balance/ Amount	Number	Balance/ Amount
a. Number/balance of retained asset accounts at the beginning of the year		\$		\$
b. Number/amount of retained asset accounts issued/added during the year		\$		\$
c. Investment earnings credited to retained asset accounts during the year	N/A		N/A	
d. Fees and fines charged assessed to retained asset accounts during the year	NA		NA	
e. Number/amount of retained asset accounts transferred to state unclaimed property funds during the year		\$		\$
f. Number/amount of retained asset accounts closed/withdrawn during the year		\$		\$
g. Number/balance of retained asset accounts at the end of the year g=a+b+c-d-e-f		\$		\$

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H. Insurance-Linked Securities (ILS) Contracts

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

22. Events Subsequent

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

Instruction:

Subsequent events shall be considered either:

Type I – Recognized Subsequent Events:

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

Type II – Nonrecognized Subsequent Events:

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

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

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

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

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.

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

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

Illustration:

Type I – Recognized Subsequent Events:

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

On February 1, 20___, a settlement was reached in a major lawsuit against the Company. In conjunction with the lawsuit, the Company estimated and recorded a liability of \$_____ on Line ___ of the Liabilities, Surplus and Other Funds page. The actual settlement amount of \$_____ was paid to the plaintiff on February 10. The change will be recorded in the First Quarter Statement on Line ___ of the Statement of Income.

Type II – Nonrecognized Subsequent Events:

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

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

On January 1, 2018, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2018 to be \$_____. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by _____. Reporting the ACA assessment as of December 31, 2017, would not have triggered an RBC action level.

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

	<u>Current Year</u>	<u>Prior Year</u>
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	_____	_____
B. ACA fee assessment payable for the upcoming year	\$ _____	\$ _____
C. ACA fee assessment paid	\$ _____	\$ _____
D. Premium written subject to ACA 9010 assessment	\$ _____	\$ _____
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ _____	\$ _____
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ _____	\$ _____
G. Authorized Control Level (Five-Year Historical Line 15)	\$ _____	\$ _____
H. Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?	_____	_____

23. Reinsurance

Instruction:

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No ()

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes () No ()

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No ()

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$_____.
- b. What is the total amount of reinsurance credits taken, whether an asset or as a reduction of liability for these agreements in this statement? \$_____.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No ()

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$_____.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No ()

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$_____.

B. 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

C. 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

D. 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 obligations 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. 61R—Life, Deposit-Type and Accident and Health 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.

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 obligations 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.

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.

B. 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. <u>Company</u>	<u>Amount</u>
XYZ	\$ _____
ZYX	\$ _____

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C. 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) <u>Company</u>	<u>Amount</u>
XYZ	\$ _____
ZYX	\$ _____

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

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

a.

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

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

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

a.

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

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 & Contracts Subject to Redetermination

Instruction:

- A. Disclose the method used by the reporting entity to estimate accrued retrospective premium adjustments.
- B. Disclose whether accrued retrospective premiums are recorded through written premium or as an adjustment to earned premium.
- C. Disclose the amount of net premiums written that are subject to retrospective rating features, as well as the corresponding percentage to total net premiums written.

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

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

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

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

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

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

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

- Permanent ACA Risk Adjustment Program
 - Premium adjustments receivable due to ACA Risk Adjustment
 - Risk adjustment user fees payable for ACA Risk Adjustment
 - Premium adjustments payable due to ACA Risk Adjustment
 - Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment
 - Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)

- Transitional ACA Reinsurance Program
 - Amounts recoverable for claims paid due to ACA Reinsurance
 - Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)
 - Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance
 - Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium
 - Ceded reinsurance premiums payable due to ACA Reinsurance
 - Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance
 - Ceded reinsurance premiums due to ACA Reinsurance
 - Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments
 - ACA Reinsurance contributions – not reported as ceded premium
- Temporary ACA Risk Corridors Program
 - Accrued retrospective premium due to ACA Risk Corridors
 - Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors
 - Effect of ACA Risk Corridors on net premium income (paid/received)
 - Effect of ACA Risk Corridors on change in reserves for rate credits

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

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

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

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

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

(5) ACA Risk Corridors Receivable as of Reporting Date

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

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

Illustration:

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company at December 31, 20__ that are subject to retrospective rating features was \$_____ million, that represented ___% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

Not for Distribution

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

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

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

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

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

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

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

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

AMOUNT

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment \$ _____

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment _____

3. Premium adjustments payable due to ACA Risk Adjustment \$ _____

Operations (Revenue & Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment \$ _____

5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid) \$ _____

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance \$ _____

2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) \$ _____

3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance \$ _____

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium \$ _____

5. Ceded reinsurance premiums payable due to ACA Reinsurance \$ _____

6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance \$ _____

Operations (Revenue & Expense)

7. Ceded reinsurance premiums due to ACA Reinsurance \$ _____

8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments \$ _____

9. ACA Reinsurance contributions – not reported as ceded premium \$ _____

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors \$ _____

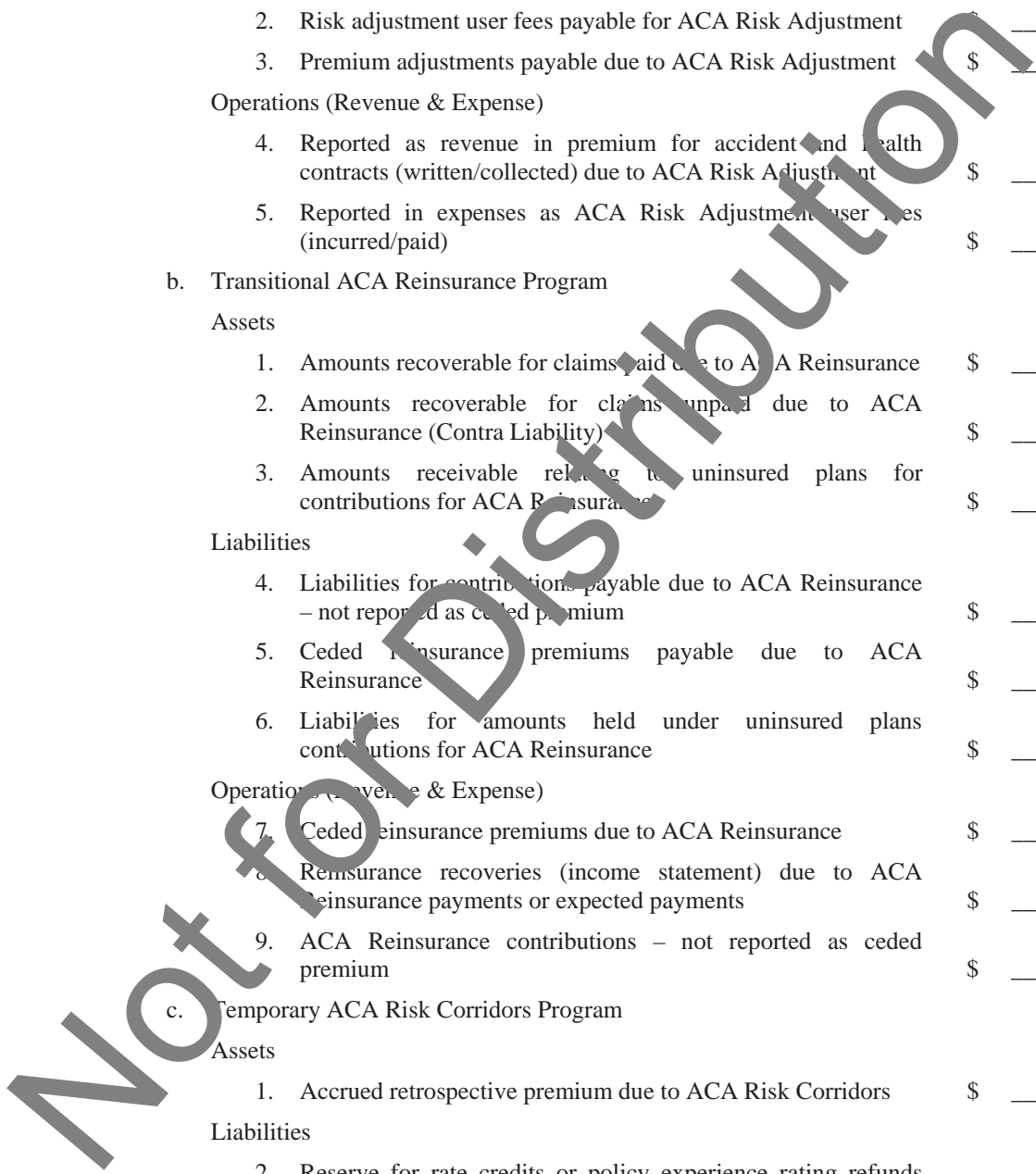
Liabilities

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

Operations (Revenue & Expense)

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

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



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

Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
				Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
1	2	3	4	5	6	7	8	Ref	9	10
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)

a. Permanent ACA Risk Adjustment Program										
1.	Premium adjustments receivable	\$		\$		\$		A	\$	
2.	Premium adjustments (payable)	\$		\$		\$		B	\$	
3.	Subtotal ACA Permanent Risk Adjustment Program	\$		\$		\$			\$	
b. Transitional ACA Reinsurance Program										
1.	Amounts recoverable for claims paid	\$		\$		\$		C	\$	
2.	Amounts recoverable for claims unpaid (contra liability)	\$		\$		\$		D	\$	
3.	Amounts receivable relating to uninsured plans	\$		\$		\$		E	\$	
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$		\$		\$		F	\$	
5.	Ceded reinsurance premiums payable	\$		\$		\$		G	\$	
6.	Liability for amounts held under uninsured plans	\$		\$		\$		H	\$	
7.	Subtotal ACA Transitional Reinsurance Program	\$		\$		\$			\$	
c. Temporary ACA Risk Corridors Program										
1.	Accrued retrospective premium	\$		\$		\$		I	\$	
2.	Reserve for rate credits or policy experience rating refunds	\$		\$		\$		J	\$	
3.	Subtotal ACA Risk Corridors Program	\$		\$		\$			\$	
d.	Total for ACA Risk-Sharing Provisions	\$		\$		\$			\$	

Explanations of Adjustments

- A
- B
- C
- D
- E
- F
- G
- H
- I
- J

Not for Distribution

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

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)

a. 2014											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	A	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	\$	B	\$
b. 2015											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	C	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	\$	D	\$
c. 2016											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	E	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	\$	F	\$
d. Total for Risk Corridors	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$

Explanations of Adjustments

- A
- B
- C
- D
- E
- F

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (column 1 through 10 respectively)

(5) ACA Risk Corridors Receivable as of Reporting Date

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

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)

24E(5)d (Column 6) should equal 24E(2)c1

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

Illustration:

- A. Reserves as of December 31, 2___ were \$___ million. As of ____, 2___, \$___ million has been paid for incurred claims and claim 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 claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

26. Intercompany Pooling Arrangements

Disclose information relating to intercompany pooling arrangements. Refer to SSAI No. 22—*Underwriting Pools* for accounting guidance.

Instruction:

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

- A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business.
- B. Description of the lines and types of business subject to the pooling agreement.
- C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity.
- D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants.
- F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, and the write-off of uncollectible reinsurance.
- G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date.

27. Structured Settlements

Health Entities should not complete this Note.

28. Health Care Receivables

Instruction:

- A. In accordance with *SSAP No. 84—Health Care and Government Insured Plan Receivables*, the financial statement shall disclose the method used by the reporting entity to estimate pharmaceutical rebate receivables. For the most recent three years and for each quarter therein, the reporting entity shall disclose the following:
- Estimated balance of pharmacy rebate receivable as reported on the financial statements;
 - Pharmacy rebates as billed or otherwise confirmed; and
 - Pharmacy rebates received.
- B. The financial statements shall disclose the method used by the reporting entity to estimate its risk sharing receivables. To the extent that receivable and payable with the same provider are netted, the reporting entity shall disclose the gross receivable and payable balances. For the most recent three years, the reporting entity shall disclose the following:
- Estimated balance of risk sharing receivables as reported on the prior year financial statements for evaluation periods ending in the current year;
 - Estimated balance of risk sharing receivables as reported on the financial statements for evaluation periods ending in the current year and the following year;
 - Risk sharing receivables billed as determined after the annual evaluation period;
 - Risk sharing receivables not yet billed; and
 - Amounts received from providers as payments under risk sharing contracts.

Illustration:

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

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2017	\$ 150	\$ 147			
9/30/2017	130	133	\$ 62		
6/30/2017	142	143	70	\$ 55	
3/31/2017	157	152	65	42	\$ 20
12/31/2016	125	132	70	27	20
9/30/2016	123	129	62	31	14
6/30/2016	112	120	54	20	16
3/31/2016	110	118	57	39	20
12/31/2015	68	75	34	20	10
9/30/2015	60	59	27	17	10
6/30/2015	57	60	31	15	10
3/31/2015	45	50	25	18	7

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

B. Risk-Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received – All Other
2017	2017	\$ 245	\$ 237	\$ 155	\$ 77	\$ 0			
	2018	XXX	\$ 189	XXX	XXX	XXX	XXX		
2016	2016	\$ 223	\$ 225	\$ 232	\$ 0	\$ 0			
	2017	XXX	\$ 245	XXX	XXX	XXX	XXX	XXX	XXX
2015	2015	\$ 190	\$ 178	\$ 174	\$ 0	\$ 0	\$ 125	\$ 50	
	2016	XXX	\$ 223	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies

Instruction:

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

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

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

Illustration:

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

30. Premium Deficiency Reserves

Instruction:

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

Illustration:

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

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

31. Anticipated Salvage and Subrogation

Instruction:

Estimates of anticipated salvage and subrogation (including amounts recoverable from second injury funds, other governmental agencies, or quasi-governmental agencies, when applicable), deducted from the liability for unpaid claims or losses. Refer to *SSAP No. 55—Unpaid Claims, Losses, and Loss Adjustment Expenses* for accounting guidance.

Illustration:

The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by \$_____.

Not for Distribution

Not for Distribution

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Not for Distribution

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.2 N/A is an acceptable response only if Interrogatory 1.1 was answered NO.
- 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, controller, or persons performing similar functions.
- 14.31 Include the nature of any waiver, including an 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 of Line 23 of the Assets page.
- 23.2 Report that portion of the amount of admitted assets reported on Line 23 of the Assets page that is due from parent.

INVESTMENT

24. For the purposes of this interrogatory, "exclusive control" means that the company has the exclusive right to dispose of the investment at will, without the necessity of making a substitution thereof. For purposes of this interrogatory, securities in transit and awaiting collection, held by a custodian pursuant to a custody arrangement or securities issued subject to a book entry system are considered to be in actual possession of the company.
- If bonds, stocks and other securities owned December 31 of the current year, over which the company has exclusive control are: (1) securities purchased for delayed settlement, or (2) loaned to others, the company should respond "NO" to 24.01 and "YES" to 25.1.
- 24.03 Describe the company's securities lending program, including value for collateral and amount of loaned securities, and whether the collateral is held on- or off-balance sheet. Note 17 of Notes to Financial Statement provides a full description of the program.
- 24.04 A company with a conforming securities lending program as defined in the risk-based capital instructions should respond "YES."
- 24.05 Report amount of collateral for conforming programs (24.04 answer is "YES").
- 24.06 Report amount of collateral for other programs (24.04 answer is "NO").
- 24.101 The fair value amount reported should equal the grand total of Schedule DL, Part 1, Column 5 plus Schedule DL, Part 2, Column 5.
- 24.102 The fair value amount reported amount should also equal the fair value amount reported in Note 5E(5)a1(m).
- 24.102 The book adjusted/carrying value amount reported should equal the grand total of Schedule DL, Part 1, Column 6 plus Schedule DL, Part 2, Column 6.

- 24.103 The payable for securities lending amount reported should equal current year column for payable for securities lending line on the liability page.
25. Disclose the statement value of investments that are not under the exclusive control of the reporting entity within the categories listed in 25.2.
27. The purpose for this General Interrogatory is to capture the statement value for securities reported in Schedule D, Part 1, Bonds or Schedule D, Part 2, Section 1, Preferred Stock that are mandatorily convertible into equity, or at the option of the issuer, are convertible into equity. This disclosure will facilitate the application of the equity factors to the statement value of such securities for purposes of RBC.
28. The question, regarding whether items are held in accordance with the *Financial Condition Examiners Handbook*, must be answered.
- 28.01 If the answer to 28 is “YES,” then list all of the agreements in 28.01. If the answer is “NO,” but one or more of the agreements do comply with the *Financial Condition Examiners Handbook*, then list the agreements that do comply in 28.01.
- 28.02 If the answer to 28 is “NO,” then list all agreements that do not comply with the *Financial Condition Examiners Handbook*. Provide a complete explanation of why each custodial agreement does not include the characteristics outlined in the *Financial Condition Examiners Handbook* (Section 1.04) (F), Outsourcing of Critical Functions, Custodial or Safekeeping Agreements), available at the NAIC website:
www.naic.org/documents/committees_e_examover_fehg_Custodial_or_Safekeeping_Agreements.doc
- 28.03 This question, regarding changes in custodian, must be answered.
- 28.04 If the answer to 28.03 is “YES,” list the change(s)
- 28.05 Identify all investment advisors, investment managers and broker/dealers, including individuals who have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such.
Name of Firm or Individual:
Should be name of firm or individual that is party to the Investment Management Agreement
Affiliation:
Note if firm or individual is affiliated, unaffiliated or an employee by using the following codes:
A Investment management is handled by firms/individuals affiliated with the reporting entity.
U Investment management is handled by firms/individuals unaffiliated with the reporting entity.
I Investment management is handled internally by individuals that are employees of the reporting entity.
- 28.0597 If the total assets under management of any the firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05 are greater than 10% of the reporting entity’s assets, answer “YES” to Question 28.0597.
- 28.0598 If the total assets under management of all the firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 28.05 are greater than 50% of the reporting entity’s assets, answer “YES” to Question 28.0598. When determining the aggregate total of assets under management, include all firms/individuals unaffiliated with the reporting entity not just those who manage more than 10% of the reporting entity’s assets.

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

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 the firm 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

34. The purpose of this General Interrogatory is to capture information about payments to any trade association, service organization, and statistical or rating bureau. A service organization is defined as every person, partnership, association or corporation that formulates rules, establishes standards, or assists in the making of rates or standards for the information or benefit of insurers or rating organizations.
35. The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation, and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. 34 and No. 36.
36. The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. 34 and No. 35.

PART 2 – HEALTH INTERROGATORIES

1. Item 1.5 is equal to the sum of Items 1.62, 1.65, 1.72 and 1.75.

Item 1.61 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0199999.

Item 1.62 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0199999.

Item 1.63 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0199999.

Item 1.64 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0199999.

Item 1.65 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0199999.

Item 1.66 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0199999.

Item 1.71 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 15, Line 0299999.

Item 1.72 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 16, Line 0299999.

Item 1.73 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 18, Line 0299999.

Item 1.74 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 11, Line 0299999.

Item 1.75 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 12, Line 0299999.

Item 1.76 is equal to the sum of all states reported on the Medicare Supplement Insurance Experience Exhibit, Column 14, Line 0299999.

2. This General Interrogatory is designed to determine whether a reporting entity reports predominantly health lines of business. Health lines include hospital or medical policies or certificates, comprehensive major medical expense insurance and managed care contracts and exclude other health coverage such as credit insurance, disability income coverage, automobile medical coverage, workers compensation, accidental death and dismemberment policies and long term care policies.

All reporting entities should file the test.

Premium and reserve information is obtained from the annual statement sources referenced on the form or from the related risk based capital report for the corresponding premium descriptions relating to the current and prior reporting periods.

Item	Description	Reporting Year Annual Statement Data	Prior Year Annual Statement Data
2.1	Premium Numerator	Health Premium values listed in the Analysis of Operations by Line of Business (Gain and Loss Exhibit), Line 1, Column 1 through Column 9 (in part for credit A&H and dread disease coverage, LTC, Disability Income), Column 10 of the reporting year's annual statement.	Health Premium values listed in the Analysis of Operations by Line of Business (Gain and Loss Exhibit), Line 1, Column 1 through Column 9 (in part for credit A&H and dread disease coverage, LTC, Disability Income) Column 10 of the reporting year's annual statement.
2.2	Premium Denominator	Premium and Annuity Considerations (Page 4, Line 2, Column 2) of the reporting year's annual statement.	Premium and Annuity Considerations (Page 4, Line 2, Column 2) of the prior year's annual statement.
2.3	Premium Ratio	2.1/2.2	2.1/2.2
2.4 (a)	Reserve Numerator	Health Reserve – Underwriting and Investment Exhibit, Part 2B (Column 3 + 4, Line 13 minus Line 11) exclude Line 10 health care receivables, dread disease coverage, and credit A&H + Part 2D (Line 8, Column 1 minus Column 9) include stand-alone health care related plans only (i.e. stand-alone prescription drug plans, etc.), exclude dread disease coverage, credit A&H, LTC, Disability Income, etc. of the reporting year's annual statement.	Health Reserve – Underwriting and Investment Exhibit, Part 2B (Column 3 + 4, Line 13 minus Line 11) exclude Line 10 health care receivables, dread disease coverage, and credit A&H + Part 2D (Line 8, Column 1 minus Column 9) include stand-alone health care related plans only (i.e. stand-alone prescription drug plans, etc.), exclude dread disease coverage, credit A&H, LTC, Disability Income, etc. of the reporting year's annual statement.
2.5	Reserve Denominator	Claims Unpaid and Aggregate Reserves (Page 3, Column 3, Lines 1 + 2 + 4 + 7) of the reporting year's annual statement.	Claims Unpaid and Aggregate Reserves (Page 3, Column 3, Lines 1 + 2 + 4 + 7) of the prior year's annual statement.
2.6	Reserve Ratio	2.4/2.5	2.4/2.5

(a) Alternative Reserve Numerator – Alternative Reserve Numerator – Company records may be used to adjust the reserve numerator to provide consistency between the values reported in the reserve numerator (2.4) and the premium numerator (2.1).

5. Report the maximum after reinsurance loss for any single individual. Where specific stop-loss reinsurance protection is in place, the maximum per-individual risk after reinsurance is equal to the highest attachment point on such stop-loss reinsurance, subject to the following:

The maximum retained loss will be equal to the highest attachment point (retention) plus the difference between the coverage and \$750,000. If the stop-loss layer is subject to participation by the Reporting Entity, the maximum retained risk will be increased by the Reporting Entity's participation in the stop-loss layer.

Examples of the calculation are presented below:

EXAMPLE 1 (Reporting Entity provides Comprehensive Care):

Highest Attachment Point (Retention)	\$	100,000	
Reinsurance Coverage		90% of \$500,000 in excess of \$100,000	
Maximum reinsured coverage	\$	600,000	(\$100,000 + \$500,000)
Maximum Retained Risk =	\$	100,000	deductible
	+	\$ 150,000	(\$750,000 - \$600,000)
	+	\$ 50,000	(10% of \$500,000 coverage layer)
	=	\$ 300,000	

EXAMPLE 2 (Reporting Entity provides Comprehensive Care):

Highest Attachment Point (Retention)	\$ 75,000
Reinsurance Coverage	90% of \$1,000,000 in excess of \$75,000
Maximum reinsured coverage	\$ 1,075,000 (\$75,000 + \$1,000,000)

Maximum Retained Risk =	\$ 75,000 deductible
	+ 0 (\$750,000 - \$1,075,000)
	+ \$ 67,500 (10% of \$675,000) coverage layer)
	= \$ 142,500

8. A participating provider is defined as a provider that, under a contract with the health entity or with its contractor or subcontractor, has agreed to provide health care services to covered persons with an expectation of receiving payment other than co-payments or deductibles, directly or indirectly from the health entity, with the understanding that the provider will look solely to the health entity, its contractor or subcontractor for payment other than copays or deductibles.
9. This interrogatory only applies to those lines of accident and health business that include a medical trend risk, i.e., Comprehensive Medical, Medicare Supplement, Dental, and Stop Loss. Minimum Premium. Premiums entered should be earned premium for the current calendar year period and not for the entire period of the rate guarantees. Premium amounts should be shown net of reinsurance only when the reinsurance ceded premium is also subject to the same rate guarantee.
11. If the Plans' statutory minimum capital and surplus requirements based upon a contingency reserve for statutory minimum capital and surplus that is other than a flat dollar amount, the calculation must be shown. An example of the disclosure of a calculation based upon 2% of the net capitation revenue from risk contracts is:

Net earned subscription revenue	\$ 33,103,906
	2%
Addition to Reserve	662,078
Reserve Balance Beginning of Year	353,689
Reserve Balance End of Year	1,025,767

Item 11.4 should equal Column 1, Line 3 of the Five Year History Page.

- 14.2 If the response to 14.1 is "YES," provide for the captive affiliate the company name, NAIC company code, domiciliary jurisdiction, reserve credit amount and the amounts supporting the reserve credit (letters of credit, trust agreements and other).

Reserve Credit: Report the amount by which the aggregate reserve for life contracts, deposit-type contracts and accident and health contracts has been reduced on account of reinsurance with authorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Columns 9 and 14 and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9, 10 and 13.

15. Ordinary Life Insurance (U.S. business only) for the current year for Lines 15.1, 15.2 and 15.3 (prior to reinsurance assumed or ceded)

U.S. business includes U.S. States, Territories and Possessions (composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands). The method for determining which jurisdiction a policy is reported in should be the same method used for reporting on Schedule T.

Include:

Term (whether full underwriting, limited underwriting, jet issue, “short form app”)
Whole Life (whether full underwriting, limited underwriting, jet issue, “short form app”)
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

Exclude:

Credit Life
Simplified Issue/Guaranteed Issue (if it can be separated)
Worksite
Individually Solicited Group Life
Direct Response
Final Expense
Pre-need
Home Service
COLI/BOLI/CHOLI.

Refer to the *NAIC Valuation Manual* for additional guidance on what policies should be included.

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FIVE-YEAR HISTORICAL DATA

Complete all lines for all years to the extent possible.

The derivation of each line on Five-Year Historical Data is indicated in the annual statement blank except that Lines 30 and 31 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.

Balance Sheet (Pages 2 and 3)

Line 1 – Total Admitted Assets

All years Page 2, Line 28

Line 2 – Total Liabilities

All years Page 3, Line 24

Line 3 – Statutory Minimum Capital and Surplus Requirement

Report the statutory minimum capital and surplus required under applicable state law. If statutory minimum capital and surplus required is the result of a calculation or calculations, report the result here and report the current year calculation in General Interrogatories – Part 2 – Health Interrogatory 11.6.

Should equal Line 11.4, Column 1 of the General Interrogatories Part 2

Line 4 – Total Capital and Surplus

All years Page 3, Line 33

Income Statement (Page 4)

Line 5 – Total Revenues

All years Page 4, Line 8

Line 6 – Total Medical and Hospital Expenses

All years Page 4, Line 18

Line 7 – Claim Adjustment Expenses

All years Page 4, Line 20

Line 8 – Total Administrative Expenses

All years Page 4, Line 21

Line 9 – Net Underwriting Gain (Loss)

All years Page 4, Line 24

Line 10 – Net Investment Gain (Loss)
All years Page 4, Line 27

Line 11 – Total Other Income
All years Page 4, Lines 28 plus Line 29

Line 12 – Net Income or (Loss)
All years Page 4, Line 32

Cash Flow (Page 6)

Line 13 – Net cash from operations
All years Line 11

Enrollment (Exhibit 1)

Line 16 – Total Members at End of Period
All years Exhibit 1, Column 5, Line 7

Line 17 – Total Member Months
All years Exhibit 1, Column 6, Line 7

Operating Percentage

All years (Page 4, Item 1 divided by Page 4, Lines 2, 3 and 5) x 100.0

Line 18 – Premiums Earned Plus Risk Revenue
All years (sum of Lines 2 plus 3 plus 5) x 100.0

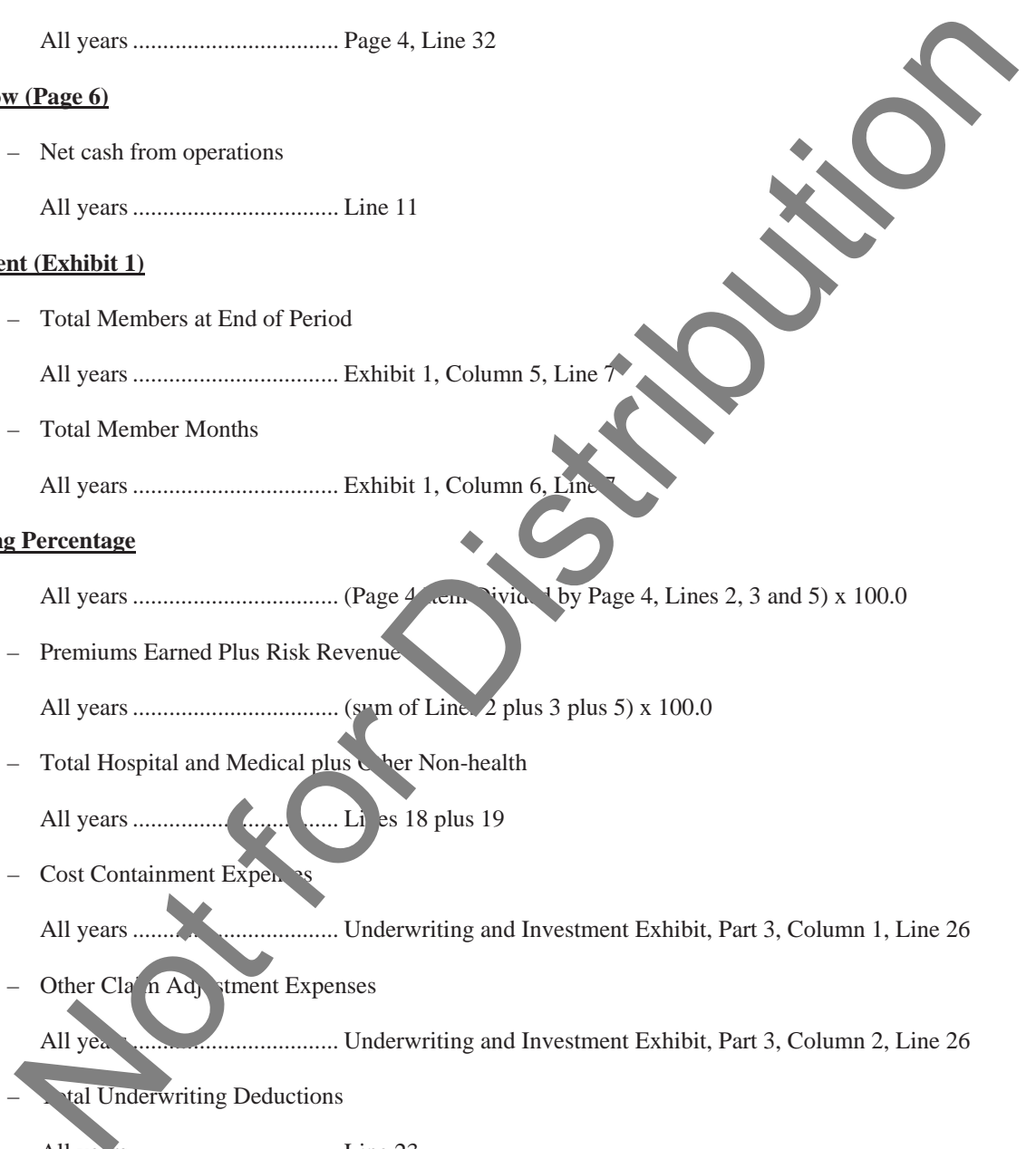
Line 19 – Total Hospital and Medical plus Other Non-health
All years Lines 18 plus 19

Line 20 – Cost Containment Expenses
All years Underwriting and Investment Exhibit, Part 3, Column 1, Line 26

Line 21 – Other Claim Adjustment Expenses
All years Underwriting and Investment Exhibit, Part 3, Column 2, Line 26

Line 22 – Total Underwriting Deductions
All years Line 23

Line 23 – Total Underwriting Gain (Loss)
All years Line 24



Unpaid Claims Analysis (U & I Exhibit, Part 2B)

Line 24 – Total Claims Incurred For Prior Years
All years Line 13, Column 5

Line 25 – Estimated liability of Unpaid Claims Prior Year
All years Line 13, Column 6

Investments in Parent, Subsidiaries and Affiliates

Line 26 – Affiliated Bonds
All years Schedule D Summary, Line 12, Column 1

Line 27 – Affiliated Preferred Stocks
All years Schedule D Summary, Line 18, Column 1

Line 28 – Affiliated Common Stocks
All years Schedule D Summary, Line 24, Column 1

Line 29 – Affiliated Short-term Investment
All years Subtotal included in Schedule DA, Verification Between Years, Column 5,
Line 10

Line 33 – Total Investment in Parent
Report the amount of investments reported in Lines 26 to 31 above that are in an immediate or indirect parent.

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

A schedule must be prepared and submitted to the state of domicile for each jurisdiction in which the company has written direct business, or has direct amounts paid, incurred or unpaid for provisions of health care services. In addition, a schedule must be prepared and submitted that contains the grand total (GT) for the company. To other states in which the company is licensed it should submit a schedule for that state.

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

- Column 1 – Total
Include: All members.

- Columns 2 through 10 – Lines of Business
See Appendix – Definitions of Lines of Business and Product Lines in determining with which source information is associated. Stop loss, disability income and long-term care are to be included in the Other column.

- Column 4 – Medicare Supplement
Include: Medicare Supplement contracts as defined by the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#650) and Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651).

Contracts sold primarily to Medicare eligible persons and designed to coordinate with Medicare but that are exempt from the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#650) and Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651).

- Column 8 – Title XVIII Medicare
Include only amounts collected from the Federal Government for Medicare benefits and the amounts collected from enrollees over and above that collected from the Federal Government as authorized under Title XVIII.

- Column 10 – Other
Include: Policies providing stand-alone Medicare Part D Prescription Drug Coverage.

- Line 1 – Total Members at End of Prior Year
A member is a person who has been enrolled as a subscriber, or an eligible dependent of a subscriber, and for whom the reporting entity has accepted the responsibility for the provision of basic health services as provided by contract.

- Line 2 – Total Members at End of First Quarter
Show total members (cumulative) at the end of the quarter.

- Line 3 – Total Members at End of Second Quarter
Show total members (cumulative) at the end of the quarter.

- Line 4 – Total Members at End of Third Quarter
Show total members (cumulative) at the end of the quarter.
- Line 5 – Total Members at End of Current Year
Show total members at the end of the year.
- Line 6 – Current Year Member Months
A member month is equivalent to one member for whom the reporting entity has recognized premium revenue for one month. Where the revenue is recognized for only part of a month (or other relevant time period) for a given individual, a pro-rated partial member month may be counted. Accumulate member months for the period.
- Lines 7 through 9 – Ambulatory Encounters
The accrued ambulatory encounters experienced by the total membership during the time period. “Ambulatory Encounters” are further defined as follows:
- Ambulatory Services
Health services provided to reporting entity members who are not confined to a health care institution. Ambulatory services are often referred to as “outpatient” services, as distinct from “inpatient” services.
- Encounter
Contact between a reporting entity member and a provider of health care services who exercises independent judgment in the care and provision of health service(s) to the member. The term “independent” is used synonymously with self-reliant, to distinguish between providers who assume major responsibility for the care of individual members and all other personnel who assist in providing that care.
- Line 7 – Physician
Encounters provided by physicians only.
- Line 8 – Non-Physician
Encounters provided by other health professionals.
- Line 10 – Total Hospital Patient Days Incurred
The accrued number of hospital patient days experienced by the total membership during the time period.
This also provides for accruing hospital utilization for which the reporting entity may ultimately be financially responsible, consistent with accrued expenses shown in financial reports.
A “Patient Day” is a period of service rendered an inpatient with the day of discharge being counted only when the patient was admitted on the same day. Newborns whose inpatient stay is concurrent with the mother’s stay should not be counted separately from the mother’s patient days. Newborns whose inpatient stay is longer than the mother’s should be counted as separate days for the period beginning with the discharge of the mother.

- Lines 12 to 16 – Premiums
- Include premiums for riders with the type of package sold. Report riders attached to group contracts under the appropriate group category, riders attached to individual contracts under the individual category, and riders attached to Medicare contracts under either Title XVIII Medicare or Medicare Supplement.
- Line 12 – Health Premiums Written
- Include: Direct premiums written Amount should agree with Underwriting and Investment Exhibit, Part 1, Column 1, Line 9.
- Line 13 – Life Premiums Direct
- Include: Direct premiums and annuity considerations for life contracts excluding reinsurance assumed and without deduction of reinsurance ceded.
- Line 14 – Property/Casualty Premiums Written
- Include: Direct premiums for property and casualty lines of business excluding reinsurance assumed and without deduction of reinsurance ceded.
- Line 15 – Health Premiums Earned
- Include: Direct written premium plus the change in unearned premium reserves and reserve for rate credits.
- Sum of General Interrogatories Part 2, Lines 1.6, 1.64, 1.71 and 1.74 should equal Column 4, Grand Total Exhibit of Premiums, Enrollment and Utilization page.
- Line 16 – Property/Casualty Premiums Earned
- May be estimated by formula on the basis of countrywide ratios for the respective lines of business except where adjustments are required to recognize special situations.
- Line 17 – Amount Paid for Provision of Health Care Services
- Should equal the amount reported in Exhibit 7, Part 1, Line 13, Column 1.
- Line 18 – Amount Incurred for Provision of Health Care Services
- Column 1 should equal the Statement of Revenue and Expenses, Column 2, Line 16.
- General Interrogatories Part 2, Line 1.5 should equal Column 4, Grand Total Exhibit of Premiums, Enrollment and Utilization page.
- Footnote (a) – Complete the information regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to higher level of benefits whenever participating provider networks are used. This will include all blended products whereby an indemnity product is sold and issued in conjunction with an HMO product. Health business includes all business equivalent to that included in the health blank.
- Footnote (b) – Report Medicare Title XVIII premiums that are exempted from state taxes or other fees by Section 1854(g) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes but is not limited to premiums written under a Medicare Advantage product, a Medicare PPO product, or a stand-alone Medicare part D product.

Not for Distribution

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SCHEDULE S – REINSURANCE

These parts (except Part 1 that shows reinsurance assumed) provide an analysis by reinsurance carrier of reinsurance ceded data shown in total in various parts of the statement. Information is included on all reinsurance ceded to other entities authorized as well as unauthorized or certified in the state of domicile of the reporting entity. Additional data for unauthorized companies is displayed in Part 4; additional data for certified reinsurers is displayed in Part 5.

NOTE: Certified reinsurer status applies on a prospective basis, and is determined by the state of domicile of the ceding insurer. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule S. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer's certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer's certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Effective date as used in this schedule is the date the contract originally went into effect.

Where name of company is specified, show the full corporate name of the company to which reinsurance is ceded.

The reinsurance type should be entered in all capital letters, and all reinsurance types must be followed by /G (for Group) or /I (for Individual).

Index to Schedule S

- ** Part 1, Section 1 – Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
- * Part 1, Section 2 – Reinsurance Assumed Accident and Health Insurance
- * Part 2 – Reinsurance Recoverable on Paid and Unpaid Losses
- ** Part 3, Section 1 – Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
- * Part 3, Section 2 – Reinsurance Ceded Accident and Health Insurance
- * Part 4 – Reinsurance Ceded to Unauthorized Companies
- * Part 5 – Reinsurance Ceded to Certified Reinsurers
- * Part 6 – Five-Year Exhibit of Reinsurance Ceded Business
- * Part 7 – Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance
- * These parts of Schedule S are included as part of the Health Annual Statement
- ** These parts of Schedule S are included as part of the Life Supplement to the Health Annual Statement

ID Number

Most parts of Schedule S require that the "ID Number" be reported for assuming or ceding entities.

Reinsurance intermediaries should not be listed, because Schedule S is intended to identify only risk-bearing entities.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the "ID Number" for other alien insurers, even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN)

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S 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 for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to correctly report transactions involving non-risk bearing pools or associations consisting of non-affiliated companies, the company must include on Schedule S 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.

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 S instead of the FEIN or Alien Insurer Identification Number (AIIN). The CRIN is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The "NAIC Company Code" field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the "Pool and Association Numbers" section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity. If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

In those parts of Schedule S requiring disclosure of the “Domiciliary Jurisdiction,” for each domestic reinsurer or U.S. branch listed, the column should be completed with the state where the reinsurer maintains its statutory home office. For pools and associations, enter the state where the administrative office of such pool or association is located. For alien reinsurers, this column should be completed with the country where the alien is domiciled. Enter the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of postal code 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 S, Part 1 using the original collective Lloyd’s number, AA-1122000.

Dates

All dates reported in Schedule S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011.

Determination of Authorized Status

The determination of the authorized, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule S 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 S, 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 the contrary:

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.

Not for Distribution

SCHEDULE S – PART 1 – SECTION 2

**REINSURANCE ASSUMED FOR ACCIDENT AND HEALTH LISTED BY REINSURED COMPANY
AS OF DECEMBER 31, CURRENT YEAR**

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

<u>Group or Category</u>	<u>Line Number</u>
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total U.S. (Sum of 0399999 and 0899999)	1199999
Total Non-U.S. (Sum of 0699999 and 0999999)	1299999
Total (Sum of 0799999 and 1099999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- General Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Captive Reinsurer Identification Number (CRIN)
- Pool Association Identification Number

Column 5 – 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.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Assumed

Use the following abbreviations to identify the plan and type of reinsurance. Note: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual). For example, group specific stop loss for hospital only should be identified as SSL/L/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.)

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

L	Hospital Only	ASL	Aggregate Stop Loss
A	All Medical Combined	SSL	Specific Stop Loss
QA	Quota Share	LR	Loss Ratio Stop Loss
SS	Surplus Share	LC	Long-Term Care
		OR	Other Reinsurance

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Premiums

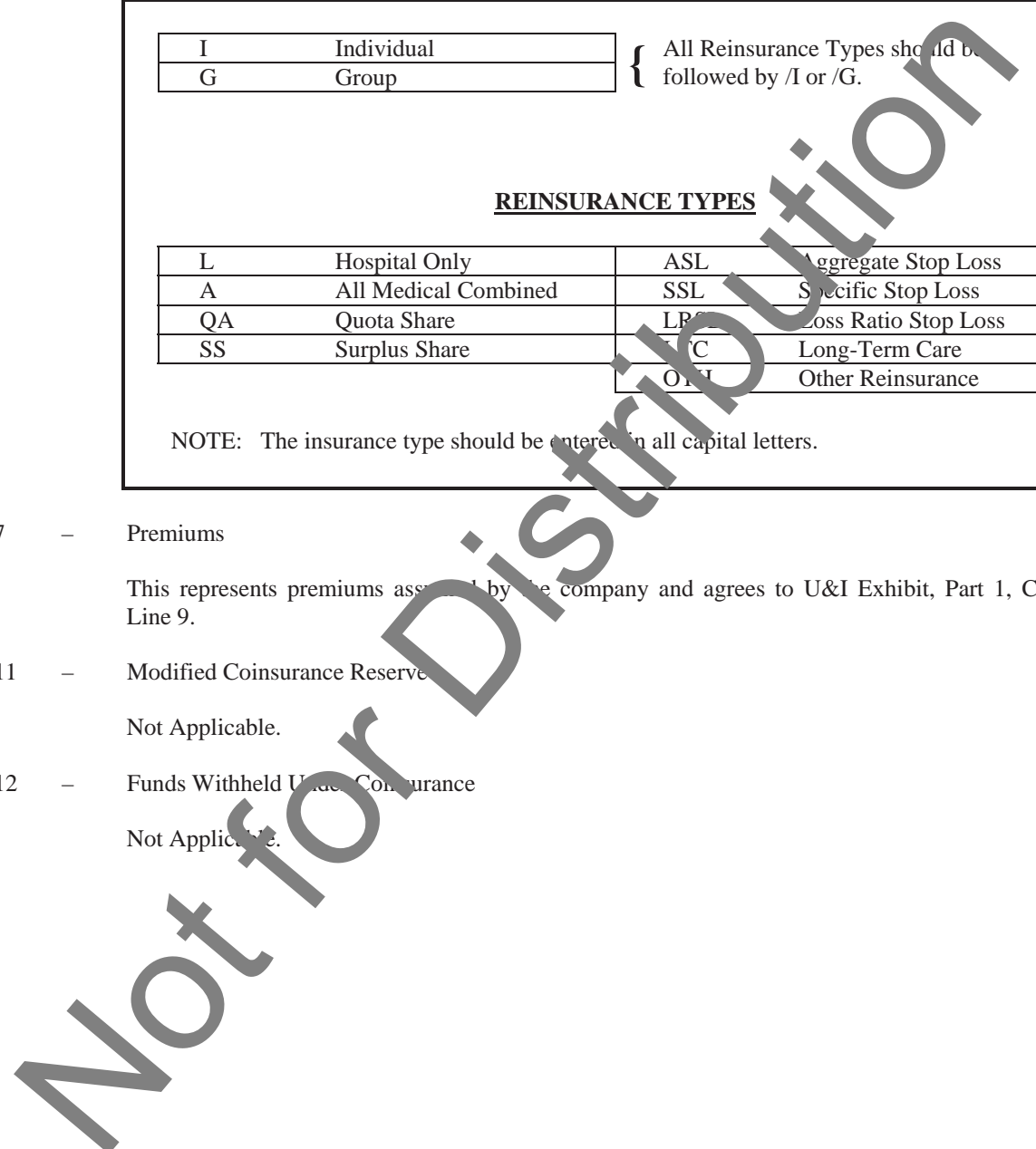
This represents premiums assumed by the company and agrees to U&I Exhibit, Part 1, Column 2, Line 9.

Column 11 – Modified Coinsurance Reserve

Not Applicable.

Column 12 – Funds Withheld Under Coinsurance

Not Applicable.



SCHEDULE S – PART 2

**REINSURANCE RECOVERABLE ON PAID AND UNPAID LOSSES LISTED BY REINSURING COMPANY
AS OF DECEMBER 31, CURRENT YEAR**

If the reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number:

<u>Group or Category</u>	<u>Line Number</u>
Life and Annuity	
Affiliates	
U.S.	
Captive	0199999
Other	0299999
Total	0399999
Non-U.S.	
Captive	0499999
Other	0599999
Total	0699999
Total Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates	0999999
Total Non-Affiliates	1099999
Total Life and Annuity	1199999
Accident and Health	
Affiliates	
U.S.	
Captive	1299999
Other	1399999
Total	1499999
Non-U.S.	
Captive	1599999
Other	1699999
Total	1799999
Total Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates	2099999
Total Non-Affiliates	2199999
Total Accident and Health	2299999
Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)	2399999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999)	2499999
Total (Sum of 1199999 and 2299999)	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number (FEIN)
Alien Insurer Identification Number (AIIN)
Certified Reinsurer Identification Number (CRIN)
Pool/Association Identification Number

Column 5 – 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.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Paid Losses

Report reinsured claim amounts paid by the reporting company but not yet reimbursed by the reinsurer. This amount agrees with the Assets Page, Line 16.1, Column 3.

Column 7 – Unpaid Losses

Include the reinsured amounts for claims that are in course of settlement and will become recoverable from reinsurers following payment.

Line 9999999 should equal Liabilities Page Line 1, inside amount.

Not for Distribution

SCHEDULE S – PART 3 – SECTION 2

**REINSURANCE CEDED ACCIDENT AND HEALTH INSURANCE LISTED BY REINSURING COMPANY
AS OF DECEMBER 31, CURRENT YEAR**

Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

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

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Authorized	
Affiliates	
U.S.	
Captive.....	0199999
Other	0299999
Total.....	0399999
Non-U.S.	
Captive.....	0499999
Other	0599999
Total.....	0699999
Total Authorized Affiliates	0799999
Non-Affiliates	
U.S. Non-Affiliates	0899999
Non-U.S. Non-Affiliates.....	0999999
Total Authorized Non-Affiliates.....	1099999
Total General Account Authorized.....	1199999
Unauthorized	
Affiliates	
U.S.	
Captive.....	1299999
Other	1399999
Total.....	1499999
Non-U.S.	
Captive.....	1599999
Other	1699999
Total.....	1799999
Total Unauthorized Affiliates	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates.....	2099999
Total Unauthorized Non-Affiliates	2199999
Total General Account Unauthorized.....	2299999

Certified			
	Affiliates		
	U.S.		
	Captive.....	2399999	
	Other	2499999	
	Total.....	2599999	
	Non-U.S.		
	Captive.....	2699999	
	Other	2799999	
	Total.....	2899999	
	Total Certified Affiliates.....	2999999	
	Non-Affiliates		
	U.S. Non-Affiliates	3099999	
	Non-U.S. Non-Affiliates.....	3199999	
	Total Certified Non-Affiliates.....	3299999	
	Total General Account Certified	3399999	
	Total General Account Authorized, Unauthorized and Certified	3499999	
Separate Accounts			
	Authorized		
	Affiliates		
	U.S.		
	Captive.....	3599999	
	Other	3699999	
	Total.....	3799999	
	Non-U.S.		
	Captive.....	3899999	
	Other	3999999	
	Total.....	4099999	
	Total Authorized Affiliates	4199999	
	Non-Affiliates		
	U.S. Non-Affiliates.....	4299999	
	Non-U.S. Non-Affiliates.....	4399999	
	Total Authorized Non-Affiliates.....	4499999	
	Total Separate Accounts Authorized.....	4599999	
	Unauthorized		
	Affiliates		
	U.S.		
	Captive.....	4699999	
	Other	4799999	
	Total.....	4899999	
	Non-U.S.		
	Captive.....	4999999	
	Other	5099999	
	Total.....	5199999	
	Total Unauthorized Affiliates	5299999	
	Non-Affiliates		
	U.S. Non-Affiliates	5399999	
	Non-U.S. Non-Affiliates.....	5499999	
	Total Unauthorized Non-Affiliates	5599999	
	Total Separate Accounts Unauthorized.....	5699999	

Not for Distribution

Certified

Affiliates

U.S.

Captive.....	5799999
Other	5899999
Total.....	5999999

Non-U.S.

Captive.....	6099999
Other	6199999
Total.....	6299999

Total Certified Affiliates.....6399999

Non-Affiliates

U.S. Non-Affiliates	6499999
Non-U.S. Non-Affiliates	6599999
Total Certified Non-Affiliates.....	6699999

Total Separate Accounts Certified6799999

Total Separate Accounts Authorized, Unauthorized and Certified.....6899999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999) 6999999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999 and 6599999) 7099999

Total (Sum of 3499999 and 6899999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 5 – 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.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line. Note: The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual). For example, group specific stop loss for hospital only should be identified as SSL/L/G.

Abbreviations:

I	Individual	}	All Reinsurance Types should be followed by /I or /G.
G	Group		

REINSURANCE TYPES

L	Hospital Only	ASL	Aggregate Stop Loss
A	All Medical Combined	SSL	Specific Stop Loss
QA	Quota Share	LRS	Loss Ratio Stop Loss
SS	Surplus Share	LTC	Long-Term Care
		OTH	Other Reinsurance

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Ceded

Use the following codes to identify the type of business ceded. If there is more than one type of business ceded to the same reinsurance company, show each type.

Abbreviations:

CMM	Comprehensive Major Medical	STM	Short-Term Medical
OM	Other Medical (Non-Comprehensive)	LB	Limited Benefit
SD	Specified/Named Disease	S	Student
A	Accident Only or AD&D	LTC	Long-Term Care
STDI	Disability Income – Short-Term	D	Dental
LTDI	Disability Income – Long-Term	MR	Medicare
MS	Medicare Supplement (Medigap)	MC	Medicaid
MSP	Medicare Part D – Stand-Alone	TRI	Tricare
FEHBP	Federal Employees Health Benefit Plan	CAH	Credit A&H
SCCHP	State Children’s Health Insurance Program	OH	Other Health
SLEL	Stop Loss/Excess Loss		

NOTE: The Type of Business Ceded code should be entered in all capital letters.

All types of business shown above are as reported in the Accident and Health Policy Experience Exhibit.

- Column 8 – Premiums
This represents reinsurance premiums ceded to the companies assuming risk and agrees with the Underwriting and Investment Exhibit, Part 1, Column 3, Line 9.
- Column 9 – Unearned Premiums (Estimated)
This represents the portion of the unearned premium reserve that is transferred to the company assuming the risk.
- Column 10 – Reserve Credit Taken Other Than For Unearned Premiums
This column represents the reinsurance ceded portion of the claim reserve.
- Columns 11 – Outstanding Surplus Relief – Current Year and }
Columns 12 – Outstanding Surplus Relief – Prior Year }
Not Applicable.
- Column 13 – Modified Coinsurance Reserve
Not Applicable.
- Column 14 – Funds Withheld Under Coinsurance
Not Applicable.

Not for Distribution

SCHEDULE S – PART 4

REINSURANCE CEDED TO UNAUTHORIZED COMPANIES

This schedule contains data on in force that is reinsured with companies not authorized in the state of domicile of the reporting entity. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance in unauthorized companies. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with unauthorized companies.

Securities held on deposit or held in a trust account must be valued at fair market value. NAIC published market values must be used when available.

Letters of credit and trust agreements are not included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

If a reporting entity has any detail lines reported for any of the following required groups, categories, or sub-categories, it shall report the subtotal amount of the corresponding group, category, or sub-category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number.

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Life and Annuity	
Affiliates	
U.S.	
Captive.....	0199999
Other	0299999
Total.....	0399999
Non-U.S.	
Captive.....	0499999
Other	0599999
Total.....	0699999
Total Affiliates.....	0799999
Non-Affiliates	
U.S. Non-Affiliates.....	0899999
Non-U.S. Non-Affiliates.....	0999999
Total Non-Affiliates.....	1099999
Total Life and Annuity.....	1199999
Accident and Health	
Affiliates	
U.S.	
Captive.....	1299999
Other	1399999
Total.....	1499999
Non-U.S.	
Captive.....	1599999
Other	1699999
Total.....	1799999
Total Affiliates.....	1899999
Non-Affiliates	
U.S. Non-Affiliates	1999999
Non-U.S. Non-Affiliates.....	2099999
Total Non-Affiliates.....	2199999
Total Accident and Health.....	2299999
Total General Account	2399999

Separate Accounts

Affiliates

U.S.	
Captive.....	2499999
Other	2599999
Total.....	2699999
Non-U.S.	
Captive.....	2799999
Other	2899999
Total.....	2999999
Total Separate Accounts Affiliates.....	3099999

Non-Affiliates

U.S. Non-Affiliates	3199999
Non-U.S. Non-Affiliates	3299999
Total Separate Accounts Non-Affiliates	3399999
Total Separate Accounts.....	3499999
Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2699999 and 3199999)	3599999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2999999 and 3299999)	3699999
Total (Sum of 2399999 and 3499999).....	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 5 – Reserve Credit Taken

Report the amount by which the aggregate reserve for life contracts (Exhibit 5 – life supplement), deposit-type contracts (Exhibit 7 – life supplement), and accident and health contracts (Underwriting and Investment Exhibit, Part 2D) has been reduced on account of reinsurance with unauthorized companies. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S – Part 3 Section 1, Column 9 and for accident and health reinsurance ceded in Schedule S – Part 3 Section 2, Columns 9 and 10.

Column 7 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to unauthorized reinsurers not included in Columns 5 and 6. Examples of items included in this column are:

- Include:
 - Reduction in claim liability reductions resulting from reinsurance on incurred but not reported claims (estimated).
 - Commissions and expense allowances due the ceding company.
 - Experience rating refunds due.

Column 10 – 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.

Columns 9
11, 12 & 13 – Deposits by and Funds Withheld from Reinsurers

Include: Where permissible to be taken as credit against the loss and reserve liabilities in Column 8, amounts deposited by the reinsurer, with or for the reporting insurance company, letters of credit and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.

NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 14 – Miscellaneous Balances (Credit)

Report amounts due the reinsurer, as a result of day-to-day transaction activity.

Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited, as a liability to the reinsurer should the contract terminate as of the statement date.

Column 15 – Sum of Items in Column 9 + Column 11 + Column 12 + Column 13 + Column 14 But Not in Excess of Column 8

Amounts are calculated individually by company and represent the maximum allowable credit that may be taken for each.

The Total of Column 15 subtracted from the Total of Column 8 equals the liability for unauthorized reinsurance included on Page 3, Line 20, Column 3.

Issuing or Confirming Bank Detail Table

Issuing or Confirming Bank Name Reference Number:

Enter 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 S, Part 4, Column 9.

The total for this column should also equal the total of Schedule S, Part 4, Column 9.

Not for Distribution

SCHEDULE S – PART 5

REINSURANCE CEDED TO CERTIFIED REINSURERS

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.

Contains data on in force that is reinsured with companies that have been certified in the state of domicile of the reporting insurance company. The purpose of this schedule is to display reinsurance ceded data used in the development of the liability for reinsurance with certified reinsurers. This liability serves to offset those assets and liability reductions that reflect the result of reinsurance ceded with certified reinsurers that is not properly collateralized in accordance with the rating assigned to the certified reinsurer by the commissioner of the reporting company's state of domicile.

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 each 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.

Securities held on deposit or held in a trust account should be valued at their fair market value. NAIC-published market values must be used when available.

Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

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 line and number:

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Life and Annuity	
U.S.	
Captive.....	0199999
Other	0299999
Total.....	0399999
Non-U.S.	
Captive.....	0499999
Other	0599999
Total.....	0699999
Total Affiliates	0799999

Non-Affiliates		
U.S. Non-Affiliates		0899999
Non-U.S. Non-Affiliates		0999999
Total Non-Affiliates		1099999
Total Life and Annuity		1199999
Accident and Health		
Affiliates		
U.S.		
Captive		1299999
Other		1399999
Total		1499999
Non-U.S.		
Captive		1599999
Other		1699999
Total		1799999
Total Affiliates		1899999
Non-Affiliates		
U.S. Non-Affiliates		1999999
Non-U.S. Non-Affiliates		2099999
Total Non-Affiliates		2199999
Total Accident and Health		2299999
Total General Account		2399999
Separate Accounts		
Affiliates		
U.S.		
Captive		2499999
Other		2599999
Total		2699999
Non-U.S.		
Captive		2799999
Other		2899999
Total		2999999
Total Separate Accounts Affiliates		3099999
Non-Affiliates		
U.S. Non-Affiliates		3199999
Non-U.S. Non-Affiliates		3299999
Total Separate Accounts Non-Affiliates		3399999
Total Separate Accounts		3499999
Total U.S. (Sum of 0399999, 0999999, 1499999, 1999999, 2699999 and 3199999)		3599999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2999999 and 3299999)		3699999
Total (Sum of 2399999 and 3499999)		9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

Federal Employer Identification Number (FEIN)
Alien Insurer Identification Number (AIIN)
Certified Reinsurer Identification Number (CRIN)
Pool/Association Identification Number

Column 6 Certified Reinsurer Rating (1 through 6)

Report the certified reinsurer's rating as assigned by the reporting company's domiciliary state.

Column 7 Effective Date of Certified Reinsurer Rating

Report the effective date of the certified reinsurer's rating that is applicable to the reinsurance recoverable and/or reserve credit taken reported on the individual line.

Column 8 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 net obligation subject to collateral reported on the individual line.

Column 9 – Reserve Credit Taken

Report the amount by which the aggregate reserve for life contracts (Exhibit 5 – life supplement), deposit-type contracts (Exhibit 7 – life supplement) and accident and health contracts (Underwriting and Investment Exhibit, Part 2) has been reduced on account of reinsurance with certified reinsurers. The amounts by company should be the same as those shown for life reinsurance ceded in Schedule S, Part 3, Section 1, Column 9 and for accident and health reinsurance ceded in Schedule S, Part 3, Section 2, Columns 9 and 10.

Column 10 – Paid and Unpaid Losses Recoverable (Debit)

Report all paid and unpaid losses recoverable, including IBNR.

Include: Reduction in claim liability on account of reinsurance on incurred but not reported claims (estimated).

Column 11 – Other Debits

Report all asset and liability reductions resulting from reinsurance ceded to certified reinsurers not included in Columns 9 and 10. Examples of items included in this column are:

- Commissions and expense allowances due the ceding company.
- Modified coinsurance reserve adjustments due.
- Experience rating refunds due.

- Column 13 – Miscellaneous Balances (Credit)
- Report amounts due the reinsurer, as a result of day-to-day transaction activity, held by the reporting insurance company.
- Include: Paid premiums due reinsurers, deferred premiums and any similar amounts that would be credited as returnable to the reinsurer should the contract terminate as of the statement date.
- Column 14 – Net Obligation Subject to Collateral
- Column 12 minus Column 13
- Column 15 – Dollar Amount of Collateral Required for Full Credit
- Report the amount of collateral that is required in order for the reporting company to receive full financial statement credit for reinsurance (Column 14 times Column 13).
- Column 16 – 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. holding insurers, report the amounts within such trust that are applicable to the reporting entity's reinsurance ceded to the certified reinsurer.
- Column 17 – 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 18 – 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 19 – Trust Agreements
- Report trust funds, other than those held in a multiple beneficiary trust that are reported in Column 16,
- Column 20 – Funds Deposited by and Withheld from Reinsurers
- Include: Where permissible to be taken as credit against the loss and reserve liabilities in Column 14, amounts deposited by the reinsurer with or for the reporting insurance company, letters of credit and trust agreements. Securities held on deposit or held in a trust fund should be valued at fair market value.
- NAIC-published market values must be used when available. Letters of credit and trust agreements are not to be included in assets or liabilities on Pages 2 or 3 or supporting pages and exhibits.

Column 21	– Other
	Report other acceptable security held by or on behalf of the reporting company.
Column 23	Percent of Collateral Provided for Net Obligation Subject to Collateral
	Report the percentage of collateral provided by the certified reinsurer for obligations subject to collateral requirements (Column 22 divided by Column 14).
Column 24	Percent Credit Allowed on Net Obligation Subject to Collateral
	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 23 divided by Column 8, not to exceed 100%).
Column 25	Amount of Credit Allowed for Net Obligation Subject to Collateral
	(Column 14 times Column 24).

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 S, Part 5, Column 17.

The total for this column should also equal the total of Schedule S, Part 5, Column 17.

Not for Distribution

SCHEDULE S – PART 6

FIVE-YEAR EXHIBIT OF REINSURANCE CEDED BUSINESS
(000's omitted)

A. Operations Items:

- Line 1 – Premiums
Underwriting and Investment Exhibit, Part 1, Column 3, Sum of Lines 1 through 5 and Line 8.
- Line 2 – Title XVIII – Medicare
Underwriting and Investment Exhibit, Part 1, Line 6, Column 3.
- Line 3 – Title XIX – Medicaid
Underwriting and Investment Exhibit, Part 1, Line 7, Column 3.
- Line 4 – Commissions and Reinsurance Expense Allowance
Included in administrative expenses.

B. Balance Sheet Items:

- Line 6 – Premiums Receivable
Include any provisions for reinsurance premiums.
- Line 7 – Claims Payable
Losses Recoverable Included on Page 3, Column 3, Line 1.
- Line 8 – Reinsurance Recoverable on Paid Losses
Page 2, Line 16.1, Column 3.
- Line 11 – Unauthorized Reinsurance Offset
Page 3, Line 1, inside caption for Unauthorized Reinsurance.
- Line 12 – Offset for Reinsurance with Certified Reinsurers
Page 3, Line 19 inside caption for Certified Reinsurance.

C. Unauthorized Reinsurance (Deposits by and Funds Withheld from):

- Line 13 – Funds Deposited by and Withheld from (F)
Schedule S, Part 4, Column 12.
- Line 14 – Letters of Credit (L)
Schedule S, Part 4, Column 9.
- Line 15 – Trust Agreements (T)
Schedule S, Part 4, Column 11.
- Line 16 – Other (O)
Schedule S, Part 4, Column 13.

D. Reinsurance with Certified Reinsurers (Deposits by and Funds Withheld from):

- Line 17 – Multiple Beneficiary Trusts (M)
Schedule S, Part 5, Column 16.
- Line 18 – Funds Deposited by and Withheld from (F)
Schedule S, Part 5, Column 20.
- Line 19 – Letters of Credit (L)
Schedule S, Part 5, Column 17.
- Line 20 – Trust Agreements (T)
Schedule S, Part 5, Column 19.
- Line 21 – Other (O)
Schedule S, Part 5, Column 21.

Not for Distribution

SCHEDULE S – PART 7

**RESTATEMENT OF BALANCE SHEET
TO IDENTIFY NET CREDIT FOR CEDED REINSURANCE**

Column 1 – As Reported (Net of Ceded)

Complete this data consistent with the data reported for the current year on Page 2, Column 3 and Page 3, Column 3 of the annual statement.

Column 2 – Restatement Adjustments

Enter adjustments to remove the financial statement impact of the ceded reinsurance amounts from those assets and liabilities in which they are incorporated and to place all of the net balance sheet impact in a single “Net Credit for Ceded Reinsurance” asset. In most instances, the adjustment will increase the asset or liability item for the amount of ceded reinsurance that has been deducted from that item. Two notable exceptions are the Reinsurance Ceded Asset(s) (Page 2, Line 16.1, Column 3) and the Liability for Reinsurance in Unauthorized Companies (Page 3, Line 20) where the adjustment moves the item to the (Net Credit for Ceded Reinsurance) asset and zeros out the original item. Total Capital and Surplus of the company should remain unchanged by the restatement adjustments.

Column 3 – Restated (Gross of Ceded)

Sum of Column 1 plus Column 2. Balance sheet restated to show gross assets and liabilities before netting of ceded reinsurance and total “Net Credit for Ceded Reinsurance.”

Liabilities (Page 3)

Line 10 – Funds held under reinsurance treaties with non-certified and unauthorized reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

Line 12 – Funds held under reinsurance treaties with certified reinsurers

These amounts should be applied in Column 2 as an offset to the credit taken for ceded reinsurance recoverable.

Net Credit for Ceded Reinsurance

Column 1 – As Reported (Net of Ceded)

Analysis of credit for ceded reinsurance, total net (Line 31) to agree with restated asset, Line 4, Column 3, of this schedule.

Not for Distribution

SCHEDULE T – PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

Premiums are reported on a written basis, gross of reinsurance.

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

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.

- L – Licensed or Chartered (Licensed 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)

Column 2 – Accident and Health Premiums

Include: Policies providing stand alone Medicare Part D Prescription Drug Coverage.

Exclude: Premiums reported in Column 3 through 7 and Column 9.

Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.

Column 3 – Medicare Title XVIII

Include: Policies providing Medicare Part D Prescription Drug Coverage through a Medicare Advantage product.

Exclude: Policies providing stand alone Medicare Part D Prescription Drug Coverage.

Column 5 – Federal Employees Health Benefits Plan Premiums

Include: Premiums allocable to the Federal Employees Health Benefits Plan that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.

Column 6 – Life and Annuity Premiums and Other Considerations

Report premiums for life insurance and all supplemental benefits attached to life contracts, allocated annuity considerations for contracts that incorporate any mortality or morbidity risk, unallocated annuity considerations and other unallocated deposits which incorporate any mortality or morbidity risk.

Column 7 – Property/Casualty Premiums

Include: Premiums for property/casualty insurance business.

Column 9 – Deposit-Type Contracts

Report deposits and other amounts for contracts without any mortality or morbidity risk. Include deposits for guaranteed investment contracts and immediate annuities without life contingencies.

**** Column 10 will be electronic only ****

Column 10 – Branch Operations Indicator

Include the indicator “B” if any direct premium in the alien jurisdiction is written via 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.

Definitions for the following section Lines 1 – 58 Allocation by state/jurisdiction

Resident

A member who occupies a dwelling within a state with indications that the state is their primary domicile by payment of taxes, voting registration, and other indicators.

Residence

The domicile location of a member as shown by his or her determination as a resident. In the context of Schedule T, the residence of the policyowner or group member would equate to the location that the member uses for official documents; information maintained by an employer as the home address of the employee would be accepted as a member’s residence for allocation purposes.

Situs of the Contract

The jurisdiction in which the contract is issued or delivered as stated in the contract.

Rule of 500

For individual and group health insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed.

For individual and group life insurance shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a group policy covering fewer than 500 members to the state or territory in which the majority of covered members reside or to the situs of the contract; 2) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the state or territory where each member resides; and 3) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the state or territory where each member resides or is employed.

Members

A person, employee, retiree, etc., that qualifies for and is covered under a group insurance policy. No consideration should be given to a member’s dependents for counting the number of members in a group or in allocating premium and other considerations to the various state and territories.

Lines 1 – 58 Allocation by jurisdictions for individual and group health insurance

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by jurisdiction are encouraged. The method should be established by company policy and must be consistently applied to all policies within each type and for all reporting periods.

For individual policies, allocate and report premium and other considerations to the jurisdiction based on the residence of the policyowner, insured or payer or on the situs of the contract.

For group policies not provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, or on the situs of the contract.

For group policies provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, location of employer or on the situs of the contract.

If using the Rule of 500 for group insurance sold through an association or trust, the following instructions apply:

Apply the Rule of 500 to the association or trust policy first. If the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group or employer in determining the allocation of the premium. The determination of jurisdiction allocation by group or employer should be added to the determination of jurisdiction allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one jurisdiction unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has less than 500 covered members, the premium for that employer may be reported in one state based on the Rule of 500. If an employer covers more than 500 members through the association policy, the premiums would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Where applicable, reporting entities must have procedures to capture and maintain changes in allocation when notified through renewals or other procedures and must use the changes to adjust the allocation of premiums and other considerations in subsequent financial statements. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

If allocating premiums to multiple jurisdictions under group policies, the premiums and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a jurisdiction compared to the total number of the group's covered members and apply that ratio to the total group premiums and other considerations.

Lines 1 – 58 Allocation by states and territories for individual and group life insurance

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable, as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by state are encouraged.

For individual policies, allocate and report premium and other considerations to a state or territory based on the residence of the policyowner, insured or payer. Use of policyowner, insured or payer residence should be established by company policy and must be consistently applied to all individual policies and reporting periods.

For group policies not provided by an employer, allocate and report premium and other considerations to a state or territory based on the residence of each group member. A group policy covering less than 500 members may allocate all group premiums to the state or territory where the greatest number of members reside or to the situs of the contract (Rule of 500).

For group policies provided by an employer, allocate and report premium and other considerations based on the residence or the employment location of each covered group member. For group insurance provided by an employer covering fewer than 500 members, the premium may be allocated to one state or territory based on the residence or employment location of the greatest number of covered members or to the situs of the contract (Rule of 500).

For group insurance sold through associations or trusts, allocate and report premium and other considerations on a basis similar to group policies. Apply the Rule of 500 to the association or trust policy first. An association or trust policy covering fewer than 500 members may allocate all premiums to the state or territory where the greatest number of members reside or work or to the situs of the contract. Regardless of the number of groups or employers under the association or trust policy, if the association or trust policy has more than 500 covered members, apply the Rule of 500 at the level of each group and employer in determining the allocation of the premium. The determination of state and territory allocation by group or employer should be added to the determination of state and territory allocation of each group or employer under the association or trust policy to come up with the total allocation of premium. Do not report all association or trust business in one state or territory unless all covered members of the association or trust reside in one state, in fact or by operation of the Rule of 500. If the group is a collection of employers, do not report all premiums in one state or territory unless all of the covered employees reside or work in one state, in fact or by operation of the Rule of 500.

Example of an association policy that covers a group of employers: If the association policy covers more than 500 members, each employer would be reviewed to determine if coverage is provided through the association policy for more than 500 members. If an employer has fewer than 500 covered members, the premium for that employer may be reported in one state or territory based on the residence or work location of the most employees or to the situs of the contract. If an employer covers more than 500 members through the association policy, the premium would be reported based on the residence or employment location of each member. The determination for each employer would be added to the determinations for all the other employers that provide coverage to employees through the association policy.

Reporting entities must have procedures to capture and maintain changes in a member's residence and/or employment location and/or policyowner location when notified through renewals or other procedures and must use the changes to allocate premium and other considerations. It is not necessary to anticipate unreported changes in allocation at any specific reporting date.

For all group policies, the premium and other considerations associated with a member should be the basis of determining the amount of premium to report in a jurisdiction. If information is not available to associate a specific premium to each member, an allocation can be made based on the number of covered persons in a state or territory compared to the total number of the group's covered members and apply that ratio to the total group premium and other considerations.

The allocation method established by the reporting entity in compliance with these instructions and the instructions of the domiciliary state should be consistently applied to all policies and reporting periods.

The data reported in Schedule T of the annual statement may or may not be used for the calculation of the amount of premium tax due to a state/jurisdiction. Individual states/jurisdictions may require a separate schedule to support premium tax calculations.

NOTE: Existing State laws and regulations need to be considered when applying these instructions.

Line 60 – Reporting Entity Contributions for Employee Benefit Plans

Report the reporting entity's share of costs for employee benefit plans. Exclude any premiums paid by employees; these should be allocated to the states as above.

Line 61 – Total (Direct Business)

The sum of Column 2, 3, 4, 5, 6 and 7, Line 61 should equal the Underwriting and Investment Exhibit, Part 1, Column 1, Line 12.

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 **three character (ISO Alpha 3) country code followed by the name of the country (e.g., DEU Germany)**. 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.

Explanation of basis of allocation by states, premiums by states, etc.

Provide a detailed explanation of the by-state and by-territory allocation of premium and other considerations used by the reporting entity. The explanation should be detailed enough to determine compliance with state laws and regulations.

SCHEDULE T – PART 2

**INTERSTATE COMPACT –EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

This exhibit is to be completed by all reporting entities. The purpose of the Interstate Compact is to promote and protect the interest of consumers of individual and group annuity, life insurance, disability income and long-term care insurance products through establishing a central clearinghouse to receive and provide prompt review of insurance products covered under the Compact pursuant to adopted uniform product standards. The Interstate Compact uses premium volume information statutorily reported to the NAIC for several purposes including the composition of the Compact Commission Management Committee. Data to be reported on this schedule should include all premiums for that line of business, not just for those policies that apply to the Compact.

Report direct business only.

Report premiums based on the instructions for allocating premiums between lines of business and jurisdictions for Schedule T.

Column 1 – Life Insurance

Life insurance is insurance primarily for the purpose of coverage of human lives, including incidental benefits. The primary purpose of life insurance is to provide financial assistance to a beneficiary at the insured's death.

Column 2 – Annuities

An annuity is a contract the primary purpose of which is to obligate a reporting entity to make periodic payments, including incidental benefits. An annuity contract is an arrangement whereby an annuitant is guaranteed to receive a series of stipulated amounts commencing either immediately or at some future date.

Report only annuities with mortality and/or morbidity risk.

Column 3 – Disability Income

Disability income insurance is insurance primarily for the purpose of coverage that provides payments when an insured is disabled or unable to work because of illness, disease or injury, including incidental benefits. Policies may provide monthly benefits for loss of income from disability, either on a short-term or a long-term basis.

Column 4 – Long-Term Care

Long-term care insurance is insurance primarily for the purpose of providing coverage when the insured is unable to perform specified activities of daily living or related functions, or have a cognitive impairment, including incidental benefits. Long-term care contracts represent any contract or policy under providing coverage for not less than 12 consecutive months for each covered person for one or more necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital. Under long-term care contracts, the insured event is generally the inability of the contract holder to perform certain activities of daily living.

Column 5 – Deposit-Type Contracts

A deposit-type contract is one that does not subject the reporting entity to any risks arising from policyholder mortality or morbidity. A mortality or morbidity risk is present if, under the terms of the contract, the reporting entity is required to make payments or forego required premiums contingent upon the death or disability (in the case of life and disability insurance contracts) or the continued survival (in the case of annuity contracts) of a specific individual or group of individuals. As such, deposit-type contracts are more comparable to financial or investment instruments, rather than insurance contracts.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* and *SSAP No. 52—Deposit-Type Contracts* for accounting guidance.

Line 58 – Aggregate Other Alien

Enter the total of all alien business in the appropriate columns. Details by countries are not required.

Life and Fraternal

Line 59 – Totals

Column 1 amount should equal Schedule T, Line 59, Column 2.

Column 2 amount should equal Schedule T, Line 59, Column 3.

Column 5 amount should equal Schedule T, Line 59, Column 7.

Not for Distribution

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**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, 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.

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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, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)	
Alien Insurer Identification Number	(AIIN)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIINs or CRINs are only reported if the entity in Column 8 is a reinsurer that has had an 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.

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 or at the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

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 10–15 on the first line and detail about Company C's control in Columns 10–15 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
- IA = 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 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 a 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*; and *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Five, Section 2 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 to a designated Local Operating Unit. If no LEI number has been assigned, leave blank.

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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, Health and Fraternal) General Instructions for more information on these identification numbers.

Federal Employer Identification Number	(FEIN)
Alien Insurer Identification Number	(AIIN) *
Certified Reinsurer Identification Number	(CRIN) *

* AIIN or CRIN numbers are only reported if the entity in Column 3 is a reinsurer that has had an 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 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, 3 and 4, affiliated amounts only

Reinsurance Recoverable (Payable) on Paid Losses –

Should agree with net of Schedule F, Part 4, Column 11 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, Health and Fraternal – 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 10 and Schedule S, Part 1, Section 2, Column 10 (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 8 (Affiliates only).

Unearned Premiums –

Should agree with Schedule S, Part 3, Section 2, Column 9 minus Schedule S, Part 1, Section 2, Column 8 (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 9 (Affiliates only).

Not for Distribution

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 CUMIP book and 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 DR. 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 – 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* Part Two, Section 4:

(i) Filing Exemption for Direct Claims on, or Backed Full Faith and Credit of the United States

“U.S. Government Obligations” means all direct claims (including securities, notes, and leases) on, and the portions of claims that are directly and unconditionally guaranteed by the United States Government or its agencies.

“U.S. Government agency” means an instrumentality of the U.S. Government the debt obligations of which are fully guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. This category includes in addition to direct claims on, and the portions of claims that are directly and unconditionally guaranteed by, the United States Government agencies listed below, claims collateralized by securities issued or guaranteed by the U.S. government agencies listed below for which a positive margin of collateral is maintained on a daily basis, fully taking into account any change in the insurance company's exposure to the obligor or counterparty under a claim in relation to the market value of the collateral held in support of that claim.

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 Mariana 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 in Part Six, Section 2(e) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included in Part Two, Section 4(c)(ii). 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.

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 as listed in Part Six, Section 2(h) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* and Exchange Traded Funds listed in Part Six, Section 2(i) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

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 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 PA; 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 listed in Part Six, Section 2 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

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. 30—*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 Securities and Exchange Commission. This definition does not include closed funds or hedge funds.

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 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.

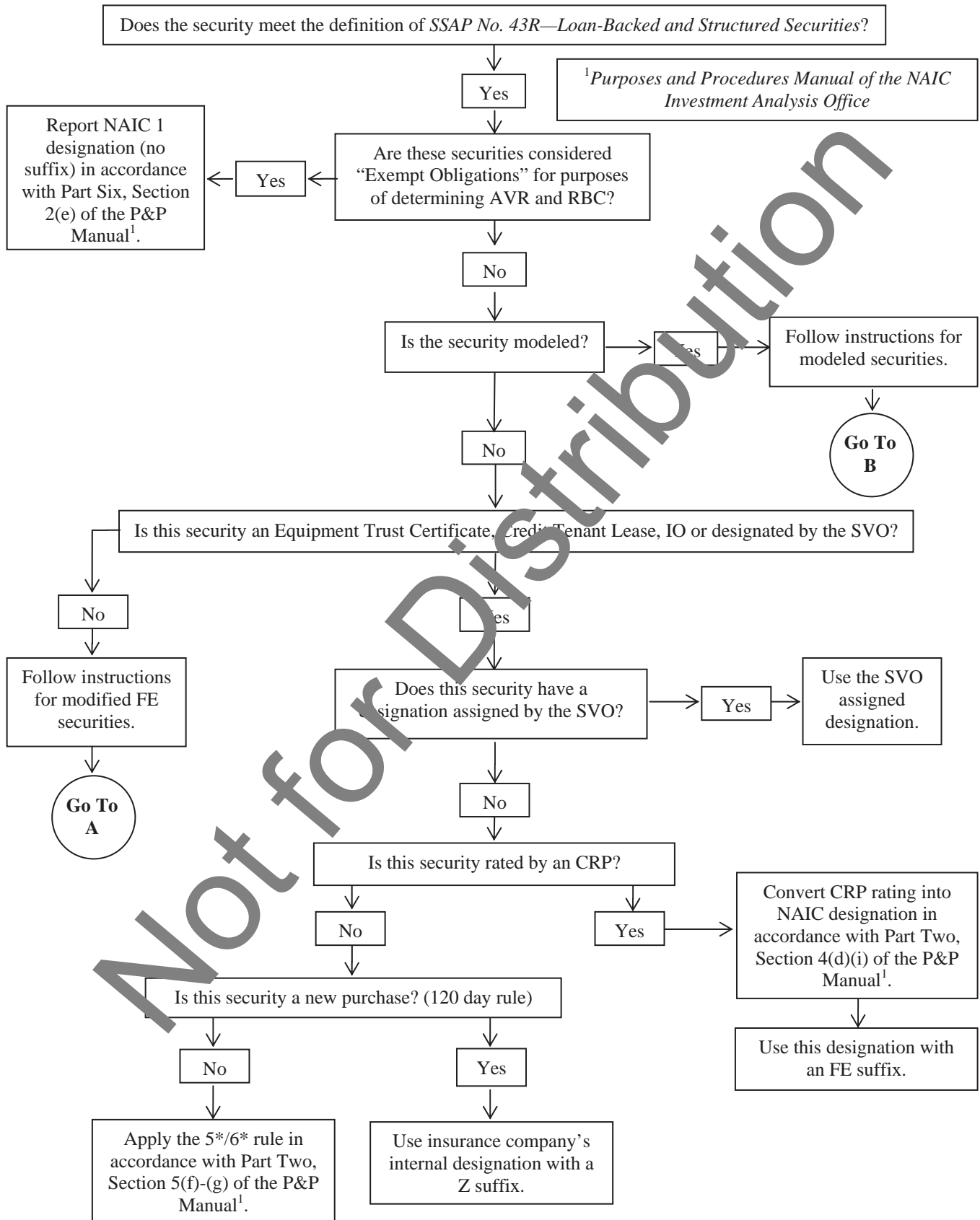
Commercial Mortgage-Backed Securities:

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.

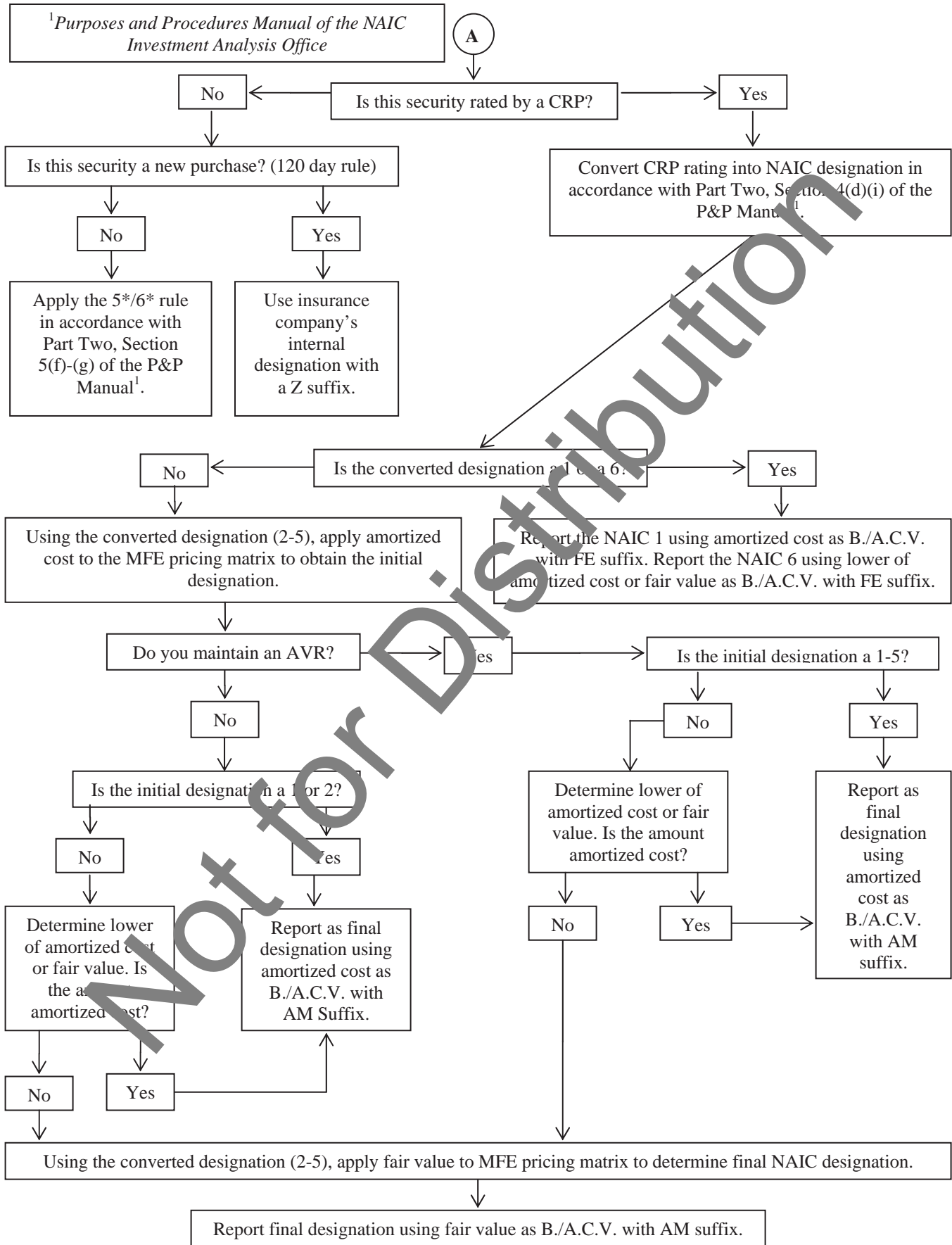
Other Loan-Backed and Structured Securities:

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.

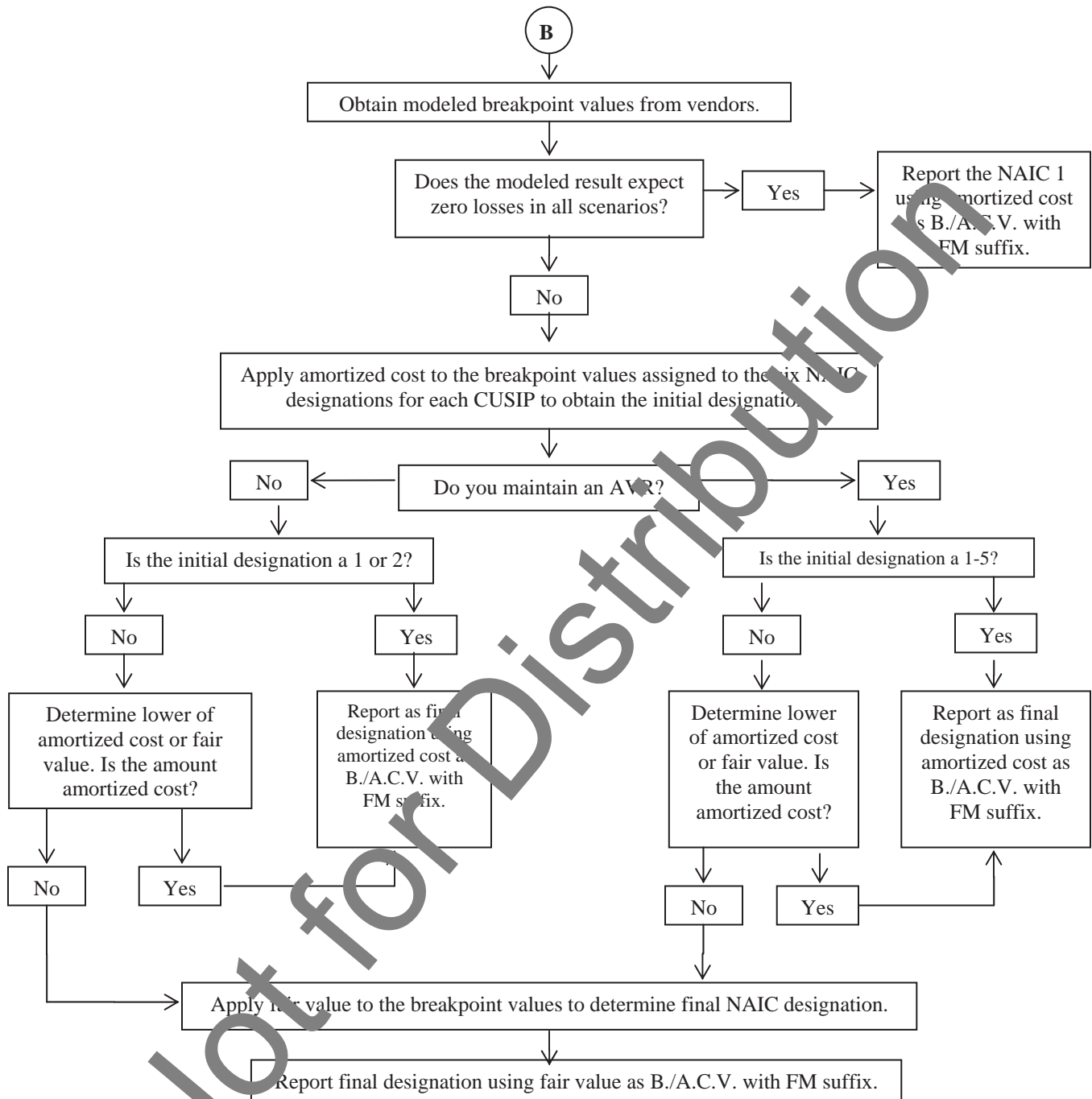
STRUCTURED SECURITIES (SSAP No. 43R—LOAN-BACKED AND STRUCTURED SECURITIES) FLOW CHART



SECURITIES SUBJECT TO MODIFIED FILING EXEMPT PROCESS



SECURITIES SUBJECT TO MODELING



STOCK EXCHANGE LIST

This is not a comprehensive list of stock exchanges. If a stock exchange is not listed, refer to www.fixprotocol.org/specifications/exchanges.shtml. If a stock exchange is not found in one of the sources above, use a description or abbreviation that accurately identifies the exchange.

Abidjan Stock Exchange	CI	Japanese Securities Dealers Association (JASDAQ)	Q
AEX Options and Futures Exchange	E	Johannesburg Stock Exchange	J
AEX Stock Exchange	AS	Kabu.com PTS	KAB
Alpha Trading Sytems	AL	Karachi Stock Exchange	KA
American Stock Exchange	A	Kazakhstan Stock Exchange	KZ
Amman Stock Exchange	AM	Korea Stock Exchange	KS
Australian Stock Exchange	AX	Korean Futures Exchange	KFE
Bahrain Stock Exchange	BH	KOSDAQ (Korea)	KQ
Barcelona Stock Exchange - CATS Feed	MC	Kuala Lumpur Stock Exchange	KL
Barcelona Stock Exchange - Floor Trading	BC	Kuwait Stock Exchange	KW
Beirut Stock Exchange	BY	Kyoto Stock Exchange	KY
Belfox	b	Lagos Stock Exchange	LG
Berlin Stock Exchange	BE	Latin American Market of Spain (LATIBEX)	LA
Berne Stock Exchange	BN	Le Nouveau Marché	LN
Bilbao Stock Exchange	BI	Lima Stock Exchange	LM
BlockBook ATS	BBK	Lisbon Stock Exchange (Portugal)	LS
Bombay Stock Exchange	BO	London Stock Exchange	L
Boston Stock Exchange	B	Osaka Stock Exchange	LZ
Botswana Share Market	BT	Luxembourg Stock Exchange	LU
Bremen Stock Exchange	BM	Madras Stock Exchange	MD
Brussels Stock Exchange	BR	Madrid Stock Exchange - Floor Trading	MA
Cairo and Alexandria Stock Exchange	CA	Manila Stock Exchange	MT
Calcutta Stock Exchange	C	Mauritius Stock Exchange	MZ
Canadian Ventures Exchange	V	Medellin Stock Exchange	ML
Channel Islands	CH	Mexican Stock Exchange	MX
Chicago Board Options Exchange	W	Milan Stock Exchange	MI
Chicago Stock Exchange	MW	MONEP Paris Stock Options	p
Chile Electronic Exchange	CE	Montreal Exchange	M
CHI-X Exchange	INS	Moscow Inter Bank Currency Exchange	MM
Cincinnati Stock Exchange	C	Moscow Stock Exchange	MO
Colombo Stock Exchange	CM	Munich Stock Exchange	MU
Copenhagen Stock Exchange	CO	Muscat Stock Exchange	OM
Dehli Stock Exchange	DL	Nagoya Stock Exchange	NG
Doha Securities Market	QA	Nairobi Stock Exchange	NR
Dubai Financial Market	DU	Namibia Stock Exchange	NM
Dubai International Financial Exchange	DI	NASDAQ	OQ
Dusseldorf Stock Exchange	D	NASDAQ Dealers - Bulletin Board	OB
Electronic Stock Exchange of Venezuela	EB	NASDAQ Japan	OJ
Frankfurt Stock Exchange	F	National Stock Exchange of India	NS
Fukuoka Stock Exchange	FU	NewEx (Austria)	NW
Ghana Stock Exchange	GH	New York Stock Exchange	N
Hamburg Stock Exchange	H	New Zealand Stock Exchange	NZ
Hanover Stock Exchange	HA	NYSE Match Point	MP
Helsinki Stock Exchange	HE	Occidente Stock Exchange	OD
Hong Kong Stock Exchange	HK	Osaka Stock Exchange	OS
Iceland Stock Exchange	IC	Oslo Stock Exchange	OL
Interbolsa (Portugal)	IN	Pacific Stock Exchange	P
International Securities Exchange (ISE)	Y	Paris Stock Exchange	PA
Irish Stock Exchange	I	Philadelphia Stock Exchange	PH
Istanbul Stock Exchange	IS	Philadelphia Stock Exchange Options	X
Jakarta Stock Exchange	JK	Phillipine Stock Exchange	PS

Pink Sheets (National Quotation Bureau)	PNK	Sydney Futures Exchange	SFE
Prague Stock Exchange	PR	Taiwan OTC Securities Exchange	TWO
Pure Trading	PT	Taiwan Stock Exchange	TW
RASDAQ (Romania)	RQ	Tallinn Stock Exchange	TL
Riga Stock Exchange	RI	Tel Aviv Stock Exchange	TA
Rio de Janeiro OTC Stock Exchange (SOMA)	SO	Thailand Stock Exchange	BK
Russian Trading System	RTS	Third Market	TH
Santiago Stock Exchange	SN	Tokyo Commodity Exchange	TCE
Sao Paulo Stock Exchange	SA	Tokyo Financial Futures Exchange	TFF
Sapporo Stock Exchange	SP	Tokyo Stock Exchange	T
Saudi Stock Exchange	SE	Toronto Options Exchange	K
SBI Japannext	JNX	Toronto Stock Exchange	TO
SBI Stock Exchange (Sweden)	SBI	Tradepoint Stock Exchange	TP
Shanghai Stock Exchange	SS	Tunis Stock Exchange	TN
Shenzhen Stock Exchange	SZ	Turquoise	TQ
Singapore Exchange - Derivatives	SIM	Ukraine PFTS	PFT
Singapore Stock Exchange	SI	Valencia Stock Exchange	VA
St. Petersburg Stock Exchange	PE	Vienna Stock Exchange	VI
Stockholm Stock Exchange	ST	Vilnius Stock Exchange	VL
Stuttgart Stock Exchange	SG	virt-x	VX
Surabaya Stock Exchange	SU	Xetra	DE
SWX Quotematch AG	QMH	Zagreb Stock Exchange	ZA
SWX Swiss Exchange	S	Zimbabwe Stock Exchange	ZI

Not for Distribution

Not for Distribution

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 admitted value of an asset determined by applying the valuation procedures and admission criteria of the NAIC *Accounting Practices and Procedures Manual*.
- 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 12.
- 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.
- 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 12, Total Invested Assets should equal Column 3, Line 9, Securities Lending.
- Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount
- For Line 1 through 8, Line 10 and Line 11, Column 5 should equal Column 3 plus Column 4.
- For Line 12, Column 5 should equal Column 3, Line 12 plus Column 4, Line 12 minus Column 3, Line 9.
- 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 12.

Line 1.1 – U.S. Treasury Securities

Include: The value of all U.S. Treasury securities.

All bills, certificates of indebtedness, notes, and bonds, including those issued under the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program and those that are "inflation-indexed."

Exclude: All obligations of U.S. Government agencies.

Detached Treasury security coupons and ex-coupon Treasury securities held as the result of either their purchase or stripping of such securities and variations of coupon stripping that have been marketed with names such as CATS (Certificates of Accrual on Treasury Securities), TIGR (Treasury Investment Growth Receipts), COUGAR (Certificates on Government Receipts), LION (Lehman Investment Opportunity Notes), and ETN (East Treasury Receipts).

Line 1.2 – U.S. Government Agency Obligations (Excluding Mortgage-Backed Securities)

Include: The value of all U.S. Government agency obligations (excluding mortgage-backed securities).

Exclude: All holdings of U.S. Government-issued or -guaranteed mortgage pass-through securities.

Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by U.S. Government agencies and corporations.

Participation in pools of Federal Housing Administration (FHA) Title I loans, which generally consist of junior lien home improvement loans.

Line 1.21 – Issued by U.S. Government Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government agencies. For purposes of this schedule, a U.S. Government agency is defined as an instrumentality of the U.S. Government whose debt obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. Include, among others, debt securities (but not mortgage-backed securities) of the following U.S. Government agencies:

Export-Import Bank (Ex-Im Bank)

Federal Housing Administration (FHA)

Government National Mortgage Association (GNMA)

Maritime Administration

Small Business Administration (SBA)

Small Business Administration (SBA) "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans for which the SBA has further guaranteed the timely payment of scheduled principal and interest payments

Participation certificates issued by the Export-Import Bank and the General Services Administration

Line 1.22 – Issued by U.S. Government-sponsored Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government-sponsored agencies. For purposes of this schedule, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government. Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following government-sponsored agencies:

Federal Agricultural Mortgage Corporation (Farmer Mac)
Federal Farm Credit Banks
Federal Home Loan Banks (FHLBs)
Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Federal Land Banks (FLBs)
Federal National Mortgage Association (FNMA or Fannie Mae)
Financing Corporation (FICO)
Resolution Funding Corporation (REFCORP)
Tennessee Valley Authority (TVA)
U.S. Postal Service

Line 1.3 – Non-U.S. Government (Including Canadian Financing Mortgage-Backed Securities)

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Foreign Governments (including Canadian obligations). All included are debt securities issued by foreign governmental units and debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.

Line 1.4 – Securities Issued by States, Territories and Possessions and Political Subdivisions in the U.S.

Include: The value of all securities issued by states and political subdivisions in the United States.

Exclude: All mortgage-backed securities issued by state and local housing authorities in the U.S. Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S.

Line 1.41 – States, Territories and Possessions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. States and Territories. U.S. States and Territories, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.42 – Political Subdivisions of States, Territories and Possessions and Political Subdivisions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Political Subdivisions of U.S. States, Territories and Political Subdivisions. Political Subdivisions of U.S. States, Territories and Possessions, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the Political Subdivision (the counties, municipalities, school districts, irrigation districts, and drainage and sewer districts) of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.43 – Revenue and Assessment Obligations

Include: The value of all revenue and assessment obligations that are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.

Line 1.44 – Industrial Development and Similar Obligations

Include: The value of all industrial development bonds (IDB) and similar obligations. IDBs and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation.

Line 1.5 – Mortgage-backed Securities (Includes Residential and Commercial MBS)

Include: The value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Exclude: Securities backed by loans extended under home equity lines, (i.e., revolving open-end lines of credit secured by 1-4 family residential properties).

Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, (i.e., mortgage-backed bonds, and mortgage-backed bonds issued by non-U.S. Government issuers).

Participation certificates issued by the Export-Import Bank and the General Services Administration.

Participation certificates issued by a Federal Intermediate Credit Bank.

Line 1.51 – Pass-through Securities

Include: The value of all holdings of mortgage pass-through securities. In general, a mortgage pass-through security represents an undivided interest in a pool that provides the holder with a pro rata share of all principal and interest payments on the residential mortgages in the pool, and includes certificates of participation in pools of residential mortgages. U.S. Government-issued participation certificates (PCs) that represent a pro rata share of all principal and interest payments on a pool of securitized participation certificates that, in turn, are backed by residential mortgages, (e.g., FHLMC Giant PCs).

Exclude: All collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.511 – Issued or Guaranteed by GNMA

Include: The value of all holdings of mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA).

Exclude: Mortgage pass-through securities issued by FNMA and FHLMC.

Line 1.512 – Issued or Guaranteed by FNMA and FHLMC

Include: The value of all holdings of mortgage pass-through securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC).

Exclude: Mortgage pass-through securities that are guaranteed by the Government National Mortgage Association (GNMA).

Line 1.513 – All Other

Include: The value of all holdings of mortgage pass-through securities issued by others (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) that are not guaranteed by the U.S. Government.

Line 1.52 – CMOs and REMICs

Include: The value of all mortgage-backed securities other than pass-through securities. Other mortgage-backed securities include all classes of collateralized mortgage obligations (CMOs) and real estate mortgage investments conduits (REMICs), CMO and REMIC residuals and similar interests, stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Line 1.521 – Issued or Guaranteed by GNMA, FNMA, FHLMC, or VA

Include: The value of all classes of CMOs and REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or guaranteed by the Government National Mortgage Association (GNMA). For purposes of this schedule, also include REMICs issued by the U.S. Department of Veterans Affairs (VA) in this item.

- Line 1.522 – Issued by Non-U.S. Government Issuers and Collateralized by Mortgage Backed Securities Issued or Guaranteed by Agencies Shown in Line 1.521
- Include: The value of all classes of CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral consists of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.
- Line 1.523 – All Other
- Include: The value of all CMOs, REMICs, CMO and REMIC residuals, and stripped mortgage-backed securities issued by non-U.S. Government issuers (e.g., other depository institutions, insurance companies, state and local housing authorities in the U.S.) for which the collateral does not consist of GNMA (Ginnie Mae) pass-throughs, FNMA (Fannie Mae) pass-throughs, FHLMC (Freddie Mac) participation certificates, or other mortgage-backed securities (i.e., classes of CMOs or REMICs, CMO or REMIC residuals, and stripped mortgage-backed securities) issued or guaranteed by FNMA, FHLMC, GNMA, or VA.
- Line 2 – Other Debt and Other Fixed Income Securities (Excluding Short-term)
- Include: The value of all debt securities that cannot properly be reported within Line 1, above.
- Bond Mutual Funds as identified by the SVO as listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(h) and Exchange Traded Funds listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Section 2(i).
- Line 2.1 – Unaffiliated Domestic Securities (Includes Credit Tenant Loans and Hybrid Securities)
- Include: The value of all unaffiliated domestic debt securities. Unaffiliated domestic debt securities include but is not limited to bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated U.S.-chartered corporations, detached U.S. Government security coupons and ex-coupon U.S. Government securities held as the result of either their purchase or the stripping of such securities, and treasury receipts such as CATS, TIGRs, COUGARs, LIONs, and ETRs.
- Other U.S. issuers not reportable elsewhere within Line 1.
- Line 2.2 – Unaffiliated Non-U.S. Securities (Including Canada)
- Include: The value of all unaffiliated foreign debt securities. Unaffiliated foreign debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by unaffiliated non-U.S.-chartered corporations.
- Line 2.3 – Affiliated Securities
- Include: The value of all affiliated debt securities. Affiliated debt securities include bonds, notes, debentures, equipment trust certificates, and commercial paper issued by affiliated non-U.S.-chartered corporations.

Line 3	–	Equity Interests	
		Include:	The value of all investments in mutual funds and other equity securities. Such securities include, but are not limited to, mutual funds that invest solely in U.S. Government securities, common stock of the Federal National Mortgage Association (Fannie Mae), preferred stock and unrestricted voting common stock of the Student Loan Marketing Association (Sallie Mae), and common stock of the Federal Home Loan Mortgage Corporation (Freddie Mac).
Line 3.1	–	Investments in Mutual Funds	
		Include:	Include only mutual funds reported in Schedule D, Part 2, Section 2.
Line 3.2	–	Preferred Stocks	
		Include:	The value of all investments in the preferred stock of affiliated and unaffiliated entities. Preferred stock which may or may not be publicly traded and may include shares against which exchange traded call options are outstanding include redeemable preferred stock, mandatorily sinking fund preferred stock, perpetual preferred stock, including nonredeemable preferred stock and preferred stock redeemable at the option of the issuer. Redeemable preferred stock is defined as preferred stock that must be redeemed by the issuing enterprise or is redeemable at the option of the reporting entity. It includes mandatory sinking fund preferred stock and payment-in-kind (PIK) preferred stock.
			Exchange Traded Funds listed in the <i>Purposes and Procedures Manual of the NAIC Investment Analysis Office</i> , Part Six, Section 2.
Line 3.3	–	Publicly Traded Equity Securities (Excluding Preferred Stocks)	
		Include:	The value of all investments in the equity securities of affiliated and unaffiliated entities. Publicly traded equity securities 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.
Line 3.4	–	Other Equity Securities	
		Include:	The value of all equity securities of affiliated and unaffiliated entities not reported in Lines 3.1, 3.2, 3.3 and 3.5. Other equity securities 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.
Line 3.5	–	Other Equity Interests Including Tangible Personal Property under Lease	
		Include:	The value of all investments in tangible property under lease.

Line 4 – Mortgage Loans

Include: The value of all loans secured by real estate. This includes loans secured by residential properties that are guaranteed by the Farmers Home Administration (FmHA) and extended, collected, and serviced by a party other than the FmHA, loans secured by properties and guaranteed by governmental entities in foreign countries, participations in pools of Federal Housing Administration (FHA) Title I home improvement loans that are secured by liens (generally, junior liens) on residential properties, and mezzanine real estate loans (as defined in *SSAP No. 83—Mezzanine Real Estate Loans*).

Exclude: From loans secured by real estate:

- Obligations (other than securities and leases) of states and political subdivisions in the U.S. that are secured by real estate.
- All loans and sales contracts indirectly representing other real estate.
- Loans to real estate companies, real estate investment trusts, mortgage lenders, and foreign non-governmental entities that specialize in mortgage loan originations and that service mortgages for other lending institutions when the real estate mortgage or similar liens on real estate are not sold to the bank but are merely pledged as collateral.
- Bonds issued by the Federal National Mortgage Association or by the Federal Home Loan Mortgage Corporation that are collateralized by residential mortgages.
- Pooled residential mortgages for which participation certificates have been issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation.

Line 4.1 – Construction and Land Development

Include: The value of loans secured by real estate made to finance land development (i.e., the process of improving land – laying sewers, water pipes, etc.) preparatory to erecting new structures or the on-site construction of industrial, commercial, residential, or farm buildings. For this item, "construction" includes not only construction of new structures, but also additions or alterations to existing structures and the demolition of existing structures to make way for new structures.

Loans secured by vacant land, except land known to be used or usable for agricultural purposes, such as crop and livestock production.

Loans secured by real estate the proceeds of which are to be used to acquire and improve developed and undeveloped property.

Loans made under Title I or Title X of the National Housing Act that conform to the definition of construction stated above and that are secured by real estate.

Exclude: Loans to finance construction and land development that are not secured by real estate.

Line 4.2 – Agricultural

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 FmHA or SBA.

Exclude: Loans for farm property construction and land development purposes.

Line 4.3 – Single Family Residential Properties

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.

Exclude: Loans for one to four family residential property construction and land development purposes. Also exclude loans secured by vacant lots in established single family residential sections or in areas set aside primarily for one to four family homes.

Line 4.4 – Multifamily Residential Properties

Include: The value of all other nonfarm residential loans secured by real estate as evidenced by mortgages (FHA and conventional) or other liens that are not reportable in Line 4.3.

Nonfarm properties with five or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.

Five or more unit housekeeping dwellings with commercial units combined where use is primarily residential.

Cooperative-type apartment buildings containing five or more dwelling units.

Exclude: Loans for multifamily residential property construction and land development purposes. Loans secured by nonfarm nonresidential properties.

- Line 4.5 – Commercial Loans
- 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.
- Exclude: Loans for nonfarm nonresidential property construction and land development.
- Line 5 – Real Estate Investments
- Include: Property occupied by the company. (Line 4.1, Column 3, Page 2, Assets)
- Property held for the production of income. (Line 4.2, Column 3, Page 2, Assets)
- Property held for sale. (Line 4.3 Column 3, Page 2, Assets)
- Line 5.1, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.
- Line 5.2, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.
- Line 5.3, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.
- Line 6 – Contract Loans
- Include: The value of all contract loans.
- Column 3 should equal the amount reported in Line 6, Column 3, Page 2, Assets.
- Line 7 – Derivatives
- Include: The value of derivatives.
- Column 3 should equal the amount reported in Line 7, Column 3, Page 2, Assets.
- Line 8 – Receivable for Securities
- Include: The value of receivable for securities.
- Column 3 should equal the amount reported in Line 9, Column 3, Page 2, Assets.
- Line 9 – Securities Lending (Reinvested Collateral Line 10, Asset Page)
- Include: The value of securities lending.
- Column 3 should equal the amount reported in Line 10, Column 3, Page 2, Assets.

Line 10 – Cash, Cash Equivalents and Short-term Investments

Include: The value of cash (Schedule E, Part 1), cash equivalents (Schedule E, Part 2 including money market mutual funds) and short-term investments (Schedule DA, Part 1).

Line 11 – Other Invested Assets

Include: The value of all other invested assets that have not been included in Lines 1 to 10 above.

Line 12 – Total Invested Assets

Sum of Lines 1 to 11. The amount reported in Column 3 should equal the amount of total invested assets reported in Line 12 Column 3, Page 2, Assets.

Not for Distribution

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.

Not for Distribution

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 Increases (Decreases)
- 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
- Report 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.

Not for Distribution

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 investment 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 pre-paid 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 Amount
- 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 *SWAP 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 1, 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 consideration 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 – Book/Adjusted Carrying Value at End of Current Period
- The amount in Line 10 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 11 – 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 12 – 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.

Not for Distribution

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 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.

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 amortable 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 13 sections to this schedule: Sections 1 through 9 for each of the nine bond categories, Section 10 for total bonds current year, Section 11 for total bonds prior year, Section 12 for total bonds publicly traded and Section 13 for total bonds privately placed. The nine 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 nine 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.

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 13, 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 of 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 to be 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 10, 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.

Not for Distribution

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. 432—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 13 sections to this schedule: Sections 1 through 9 for each of the nine bond categories, Section 10 for total bonds current year, Section 11 for total bonds prior year, Section 12 for total bonds publicly traded and Section 13 for total bonds privately placed. The nine 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 nine 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

Line 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.

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 8:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities

Section 9:

- Exchange Traded Funds – as Identified by the SVO
- Bond Mutual Funds – as Identified by the SVO

Sections 10 through 13:

- Issuer Obligations
- Residential Mortgage-Backed Securities
- Commercial Mortgage-Backed Securities
- Other Loan-Backed and Structured Securities
- SVO Identified Funds

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 to be 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 8 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.

Not for Distribution

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 – Total Gain (Loss) on Termination Recognized, Section 2, Column 22
- Line 5 – Considerations Received/(Paid) on Terminations, Section 2, Column 15
- Line 6 – Amortization
 - Line 6.1 – Section 1, Column 19
 - Line 6.2 – Section 2, Column 14
- Line 7 – Adjustment to Book/Adjusted Carrying Value of Hedged Item
 - Line 7.1 – Section 1, Column 20
 - Line 7.2 – Section 2, Column 23
- Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value
 - Line 8.1 – Section 1, Column 18
 - Line 8.2 – Section 2, Column 20
- Line 9 – Book/Adjusted Carrying Value at End of Current Period (1 + 2 + 3 + 4 – 5 + 6 + 7 + 8)
- Line 10 – Deduct Nonadmitted Assets
- Line 11 – Statement Value at End of Current Period (9 - 10)

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 plus 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.

Not for Distribution

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:
$$\text{Column 10} + \text{Column 15}$$
- 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:
$$\text{Column 11} + \text{Column 16}$$
- 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 6 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.

Not for Distribution

Not for Distribution

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 number 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 – Control
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.

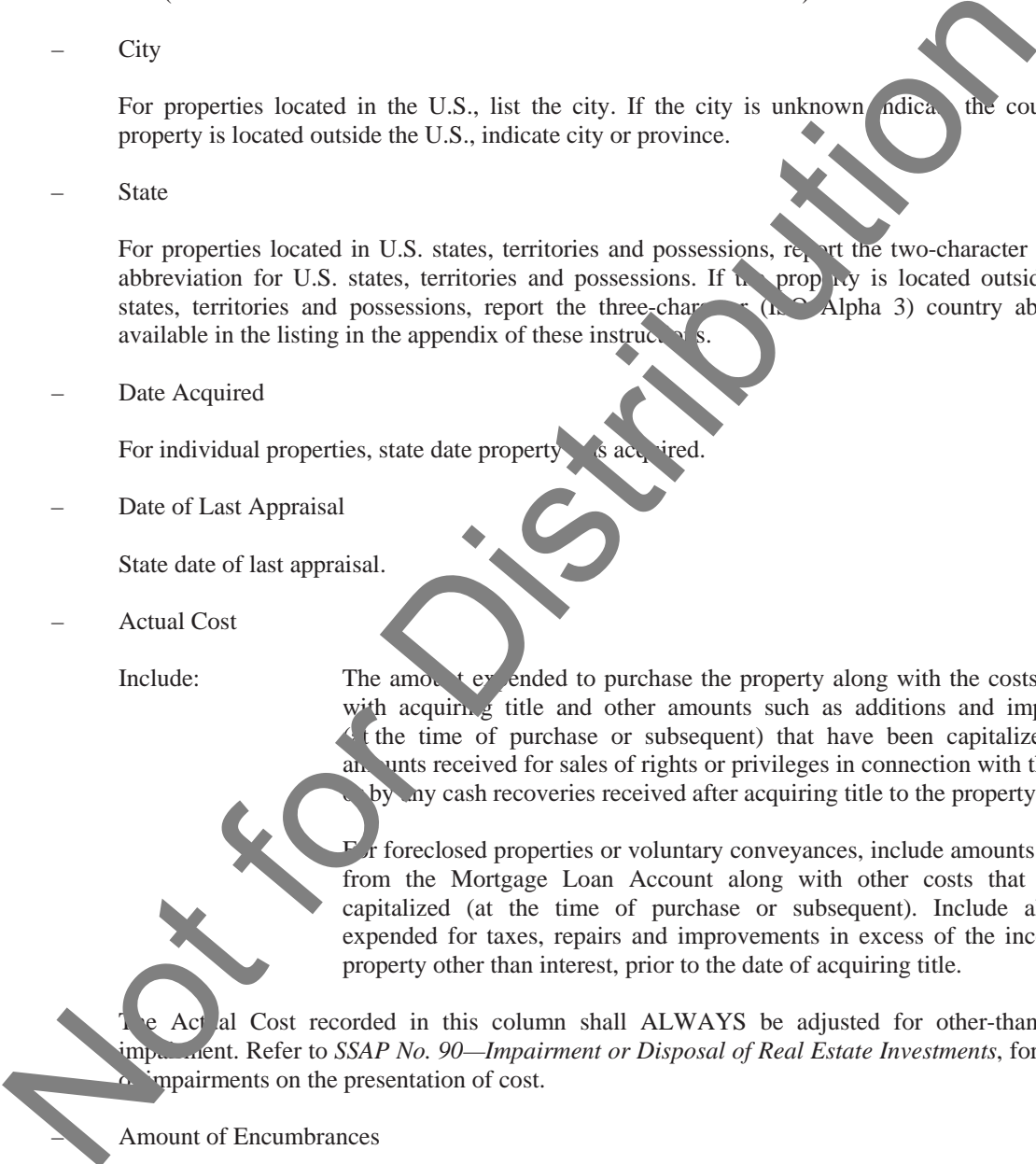
Column 5 – Date Acquired
 For individual properties, state date property was acquired.

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 and 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** or the following **Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

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

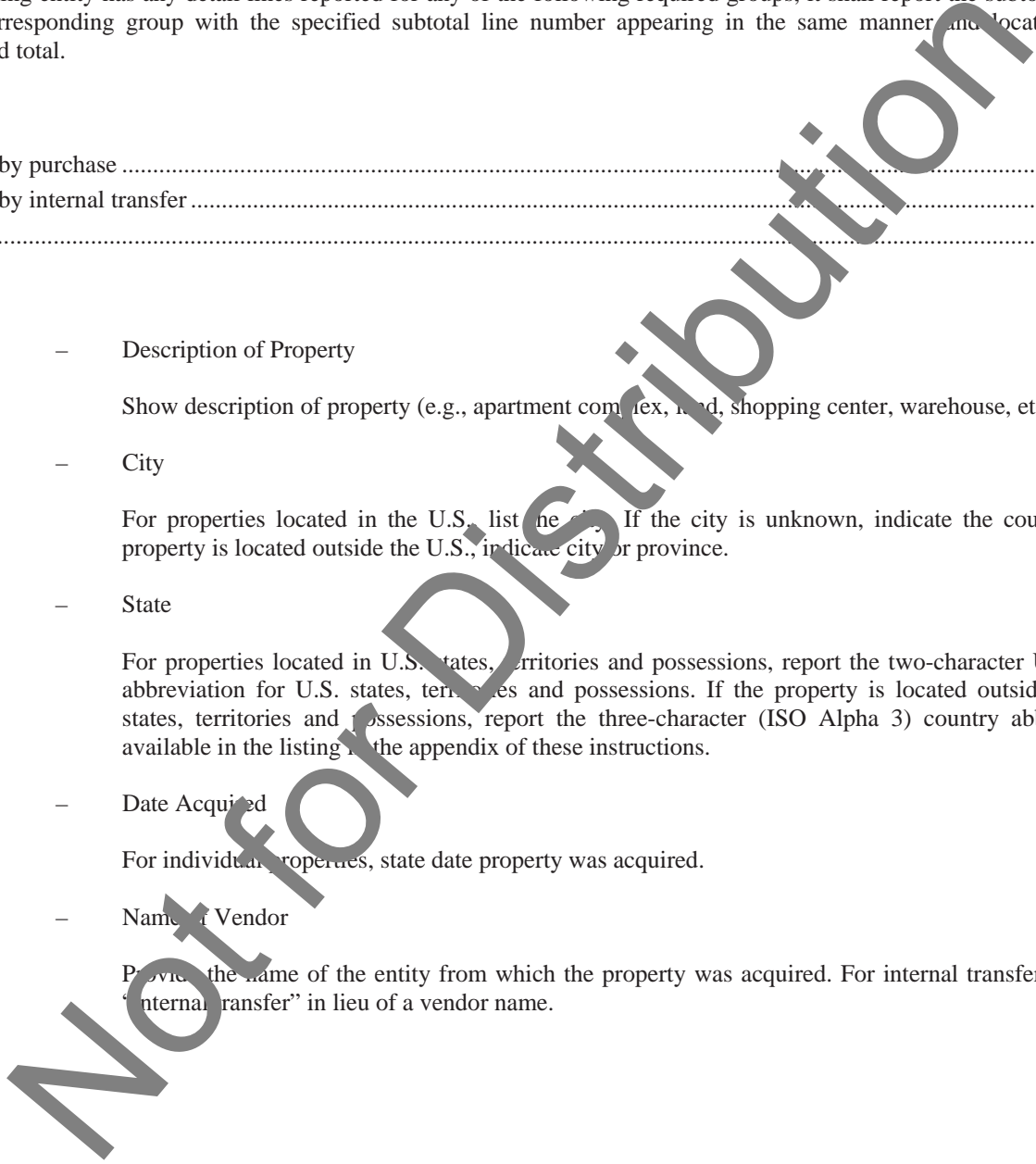
REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING THE YEAR

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 Section No. 90—*Impairment or Disposal of Real Estate Investments*, for the effects of impairment 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 one-time 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.

Not for Distribution

**** 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

Not for Distribution

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	<p>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.</p> <p>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.</p> <p>The Actual Cost recorded in this column shall ALWAYS be adjusted for other-than-temporary impairment. Refer to <i>SSAP No. 90—Impairment or Disposal of Real Estate Investments</i>, for the effect of impairments on the presentation of cost.</p>
Column 7	– Expended for Additions, Permanent Improvements and Changes in Encumbrances	<p>Include: Only those amounts expended after acquiring title, including increases or reductions in encumbrances.</p>
Column 8	– Book Adjusted Carrying Value Less Encumbrances, Prior Year	<p>This should equal the Book/Adjusted Carrying Value amount reported in the prior year annual statement for each specific security.</p> <p>This amount, plus the Change in Book/Adjusted Carry Value columns should equal the Book/Adjusted Carrying Value at Disposal Date.</p>
Column 9	– Current Year’s Depreciation	<p>This amount should represent the depreciation expense for the period and shall include any depreciation recorded on a property held for sale.</p> <p>Include: Depreciation that was recorded on property during the current year that was later classified as property held for sale.</p> <p>The unrealized valuation gain/loss for separate account only.</p>
Column 10	– Current Year’s Other-Than-Temporary Impairment Recognized	<p>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.</p> <p>Include: Reductions to fair value on property newly classified as held for sale, in accordance with <i>SSAP No. 90—Impairment or Disposal of Real Estate Investments</i>.</p>
Column 11	– Current Year’s Change in Encumbrances	<p>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.</p>

- 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

Not for Distribution

Not for Distribution

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*.

Life and Fraternal insurers should use the lines marked with an asterisk. Property, Health and Title insurers may choose to use the lines marked with an asterisk. If Property, Health and Title insurers do not use the lines marked with an asterisk, Lines 0799999, 1599999, 2399999 and 3199999 must be used. All subtotal lines (0899999, 1699999, 2499999, 3299999) and the grand total line 3399999 apply to all insurers.

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
Mortgages in Good Standing Not Shown on Lines 0199999 through 0699999	0799999
Total Mortgages in Good Standing (sum of 0199999 through 0799999)	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
Restructured Mortgages Not Shown on Lines 0999999 through 1499999	1599999
Total Restructured Mortgages (sum of 0999999 through 1599999)	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
Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure Not Shown on Lines 1799999 through 2299999	2399999
Total Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure (sum of 1799999 through 2399999)	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
Mortgages in the Process of Foreclosure Not Shown on Lines 2599999 through 3099999	3199999
Total Mortgages in the Process of Foreclosure (sum of 2599999 through 3199999)	3299999

Total Mortgages (sum of 0899999, 1699999, 2499999 and 3299999)	3399999
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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 2086 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 any 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.

Mortgages with overdue interest over 90 days not in the process of foreclosure:

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.

Mortgages in process of foreclosure:

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.

Not for Distribution

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 <i>SSAP No. 37—Mortgage Loans</i> .
Column 13	–	Total Foreign Exchange Change In Book Value
		Enter an 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 (5150, 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.

Not for Distribution

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 mortgage or assignment 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 mortgagee 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 Apartments/Multifamily
- IN Industrial
- HC Medical/Health Care
- MX Mixed Use
- LD Lodging
- OT Other

Column 22 – Maturity Date
State the date the mortgage loan matures.

Not for Distribution

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Not for Distribution

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:

<u>Group or Category</u>	<u>Line Number</u>
Oil and Gas Production	
Unaffiliated.....	0199999
Affiliated	0299999
Transportation Equipment	
Unaffiliated.....	0399999
Affiliated	0499999
Mineral Rights	
Unaffiliated.....	0599999
Affiliated	0699999
Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:	
Bonds	
Unaffiliated	0799999
Affiliated	0899999
Mortgage Loans	
Unaffiliated	0999999
Affiliated	1099999
Other Fixed Income Instruments	
Unaffiliated	1199999
Affiliated	1299999
Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:	
Fixed Income Instruments	
Unaffiliated	1399999
Affiliated	1499999
Common Stock	
Unaffiliated	1599999
Affiliated	1699999
Real Estate	
Unaffiliated	1799999
Affiliated	1899999
Mortgage Loans	
Unaffiliated	1999999
Affiliated	2099999
Other	
Unaffiliated	2199999
Affiliated	2299999

Surplus Debentures, etc.	
Unaffiliated.....	2399999
Affiliated	2499999
Collateral Loans	
Unaffiliated.....	2599999
Affiliated	2699999
Non-collateral Loans	
Unaffiliated.....	2799999
Affiliated	2899999
Capital Notes	
Unaffiliated.....	2999999
Affiliated	3099999
Guaranteed Federal Low Income Housing Tax Credit	
Unaffiliated.....	3199999
Affiliated	3299999
Non-Guaranteed Federal Low Income Housing Tax Credit	
Unaffiliated.....	3399999
Affiliated	3499999
Guaranteed State Low Income Housing Tax Credit	
Unaffiliated.....	3599999
Affiliated	3699999
Non-Guaranteed State Low Income Housing Tax Credit	
Unaffiliated.....	3799999
Affiliated	3899999
All Other Low Income Housing Tax Credit	
Unaffiliated.....	3999999
Affiliated	4099999
Working Capital Finance Investment	
Unaffiliated.....	4199999
Any Other Class of Assets	
Unaffiliated.....	4299999
Affiliated	4399999
Subtotals	
Unaffiliated.....	4499999
Affiliated	4599999
TOTALS	4699999

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 on Schedule BA:

Oil and Gas

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.

Fixed or Variable Interest Rate Investments that Have the Underlying 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 E).

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income instrument which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

- Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income investment, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA investment (identified by CUSIP) fits in this category (as identified in the NAIC *Valuation of Securities*). Until affirmed by the SVO, report these BA investments in the category for "Any Other Class of Assets."

Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be:

Fixed Income Instruments

- Include: Leveraged Buy-out Fund.
A fund investing in the "Z" strip of Collateralized Mortgage Obligations.

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

- Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments, but for which the Securities Valuation Office (SVO) has not affirmed that the specific BA investment (identified by CUSIP) fits in this subcategory. Until affirmed by the SVO, report these BA investments in the "Other" subcategory of this category.

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).

For Life and Internal Insurers:

This includes investments believed by the reporting entity to have the underlying characteristics of “Fixed Income Instruments” but which do not qualify for Filing Exemption and have not been reviewed by the SVO, as well as those that have been reviewed by the SVO and were determined to have the underlying characteristics of “Other” instruments.

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. 21—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. 26—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 of 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 WCFP 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.

For Life and Fraternal Insurers:

This includes investments believed by the reporting entity to fit the category of “Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument,” but which do not qualify for Filing Exemption and have not been reviewed by the SVO, as well as those that have been reviewed by the SVO and were determined to be “Any Other Class of 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 by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

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 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 Order:

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

For real estate partnerships or joint ventures located in 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

This column must be completed by **Life and Fraternal** insurers only. All other insurers may ignore this column and its instructions.

For Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument, insert the NAIC designation, valuation indicator or market indicator as reported in the NAIC *Valuation of Securities* or its *Supplement*.

Following is a matrix of the valid combinations of designations and suffixes for bonds.

1	2	3	4	5	6
	2S	3S	4S	5S	6S
				5*S	6*
				5*S	6*S
1FE	2FE	3FE	4FE	5FE	6FE

Following is a matrix of the valid combinations of designations and suffixes for preferred stock.

P1A	P2A	P3A	P4A	P5A	P6A
P1SA	P2SA	P3SA	P4SA	P5SA	P6SA
				5*A	6*A
				5*SA	6*SA
P1L	P2L	P3L	P4L	P5L	P6L
P1SL	P2SL	P3SL	P4SL	P5SL	P6SL
				5*L	6*L
				5*SL	6*SL
P1U	P2U	P3U	P4U	P5U	P6U
P1SU	P2SU	P3SU	P4SU	P5SU	P6US
				5*U	6*U
				5*SU	6*SU
P1V	P2V	P3V	P4V	P5V	P6V
P1SV	P2SV	P3SV	P4SV	P5SV	P6SV
				5*V	6*V
				5*SV	6*SV
P1LFE	P2LFE	P3LFE	P4LFE	P5LFE	P6LFE
P1UFE	P2UFE	P3UFE	P4UFE	P5UFE	P6UFE
P1VFE	P2VFE	P3VFE	P4VFE	P5VFE	P6VFE
RP1A	RP2A	RP3A	RP4A	RP5A	RP6A
RP1SA	RP2SA	RP3SA	RP4SA	RP5SA	RP6SA
				RP5*A	RP6*A
				RP5*SA	RP6*SA
RP1L	RP2L	RP3L	RP4L	RP5L	RP6L
RP1SL	RP2SL	RP3SL	RP4SL	RP5SL	RP6SL
				RP5*L	RP6*L
				RP5*SL	RP6*SL
RP1U	RP2U	RP3U	RP4U	RP5U	RP6U
RP1SU	RP2SU	RP3SU	RP4SU	RP5SU	RP6SU
				RP5*U	RP6*U
				RP5*SU	RP6*SU
RP1V	RP2V	RP3V	RP4V	RP5V	RP6V
RP1SV	RP2SV	RP3SV	RP4SV	RP5SV	RP6SV
				RP5*V	RP6*V
				RP5*SV	RP6*SV
RP1LFE	RP2LFE	RP3LFE	RP4LFE	RP5LFE	RP6LFE
RP1UFE	RP2UFE	RP3UFE	RP4UFE	RP5UFE	RP6UFE
RP1VFE	RP2VFE	RP3VFE	RP4VFE	RP5VFE	RP6VFE

If the VOS data file has a designation for a specific Schedule BA investment, that designation must be reported in this column. If the VOS data file does not provide a designation and the investment qualifies for filing exemption, an “FE” or an “S” must follow the designation reported in this column. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part Three, Section 1.

The NAIC designation field should be zero-filled for those Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument which have not been filed with the SVO and do not meet the requirements of Filing Exemption, as well for any other investments reported in the respective “Other” categories (non-fixed income-like BA investments).

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

Include: **For all statement types:** Use fair value received from a counter party when available. For example, for limited partnerships and hedge funds, the latest financial statement’s fair value should be used. For other types of instruments, a quote from a broker, seller, or another counter party should be used. If such quote is not available, the reporting entity should make an estimate of fair value at which the investment could be sold to an unaffiliated third party. A record of the quote, or the methodology used to reach an estimate should be kept in file.

Life and Fraternal entities who have filed Schedule BA assets with the SVO must complete this column with the assigned value as reported in the NAIC *Valuation of Securities* or its *Supplement*.

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 5).

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 by analysis 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.

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** or the following **Web address**:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

Column 23 – Legal Entity Identifier (LEI)

Provide the 20-character Legal Entity Identifier (LEI) for any issuer 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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999

Affiliated..... 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated..... 1799999

Affiliated..... 1899999

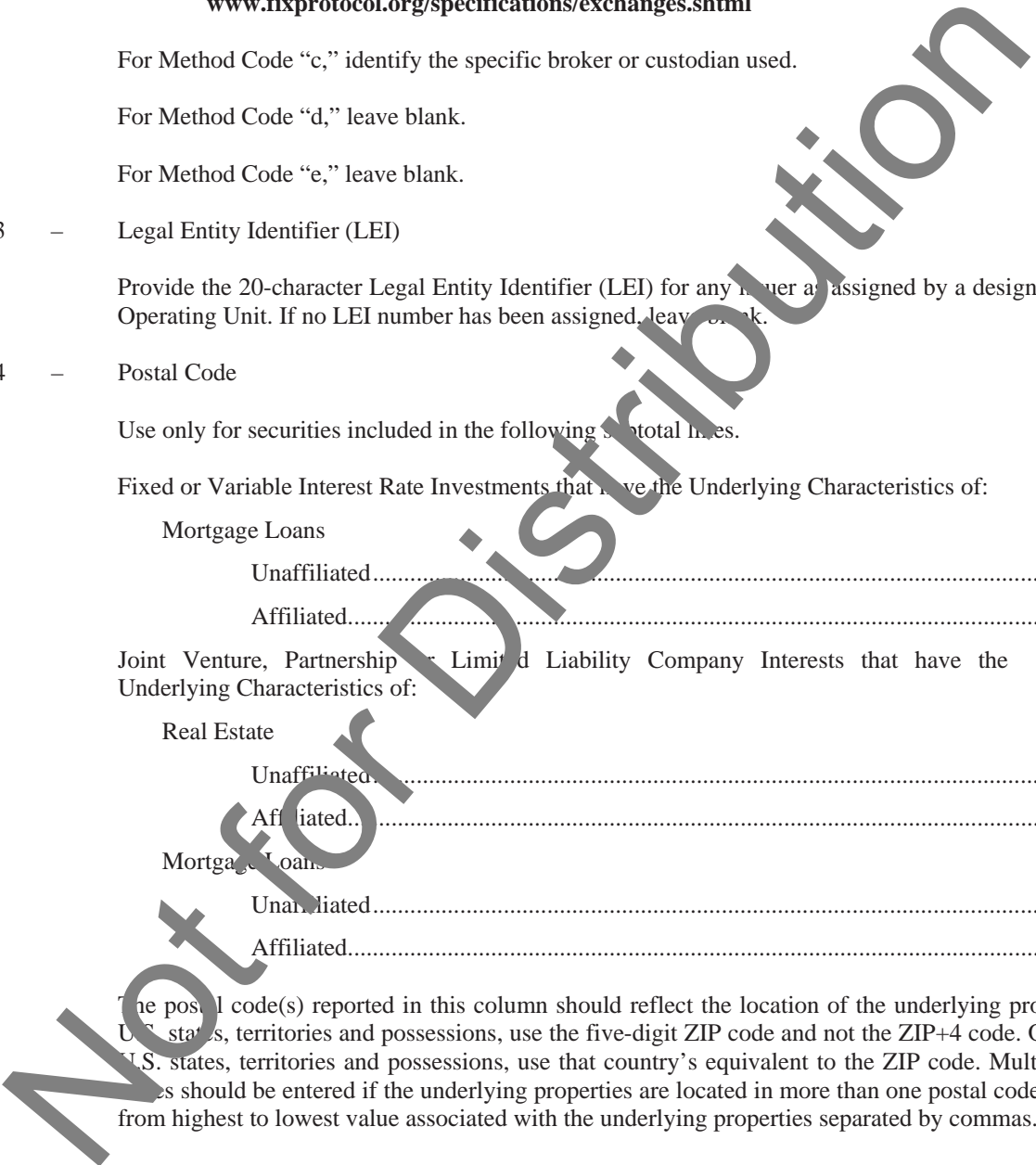
Mortgage Loans

Unaffiliated..... 1999999

Affiliated..... 2099999

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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999

Affiliated..... 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated..... 1799999

Affiliated..... 1899999

Mortgage Loans

Unaffiliated..... 1999999

Affiliated..... 2099999

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.

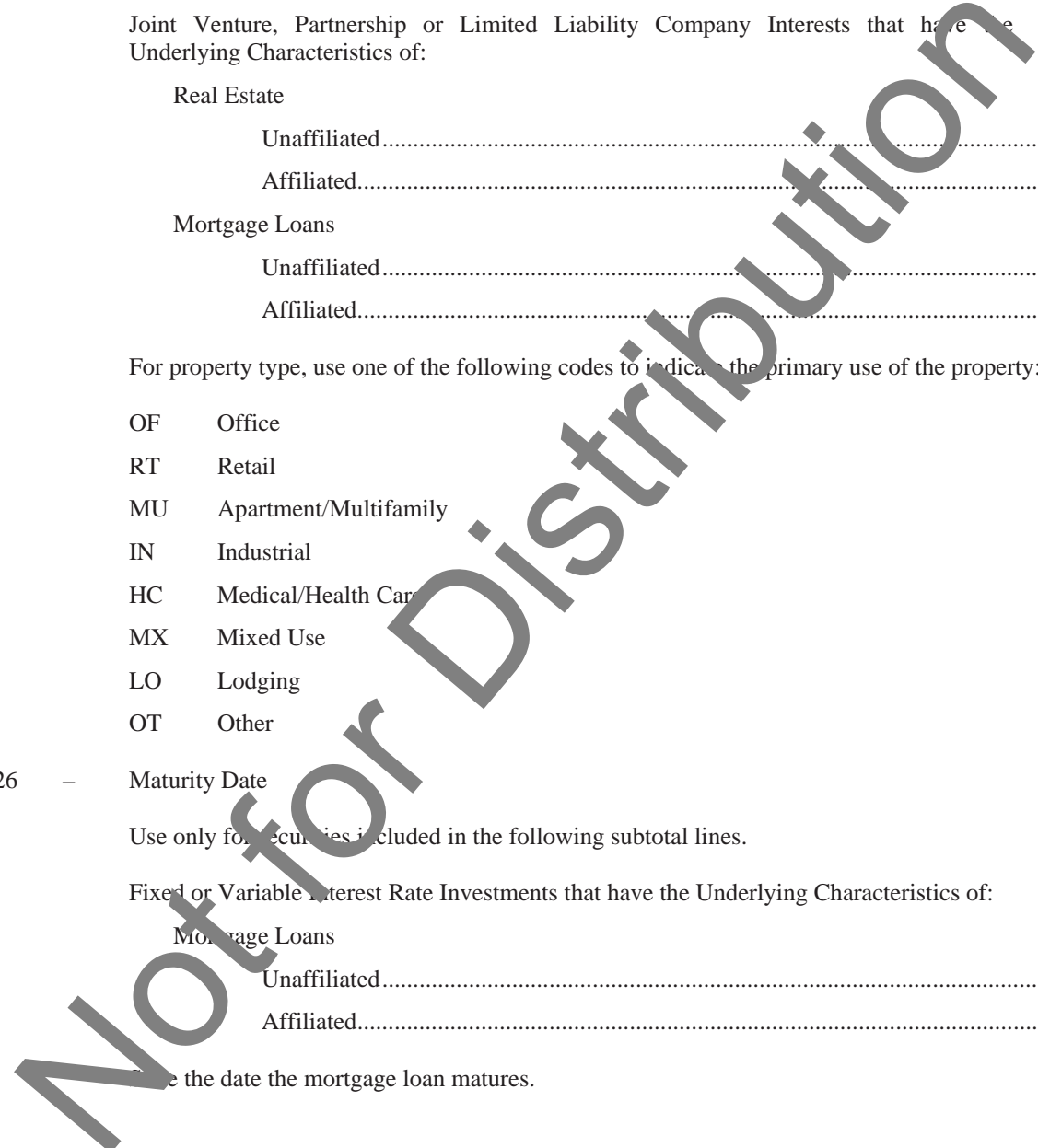
Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999

Affiliated..... 1099999

Indicate the date the mortgage loan matures.



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 by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NIOC 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 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 impairment.

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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999
Affiliated..... 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

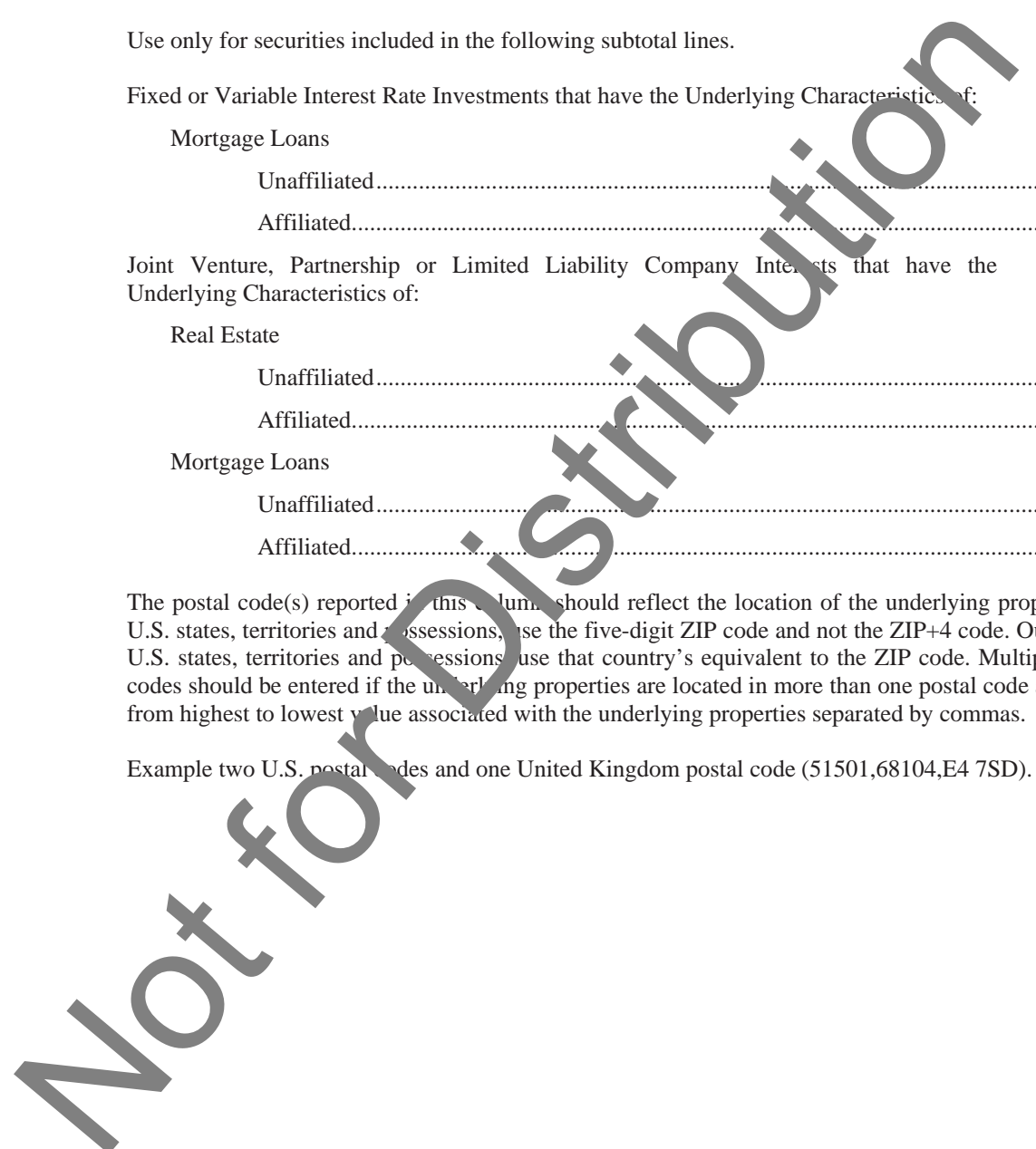
Unaffiliated..... 1799999
Affiliated..... 1899999

Mortgage Loans

Unaffiliated..... 1999999
Affiliated..... 2099999

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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999

Affiliated..... 1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated..... 1799999

Affiliated..... 1899999

Mortgage Loans

Unaffiliated..... 1999999

Affiliated..... 2099999

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.

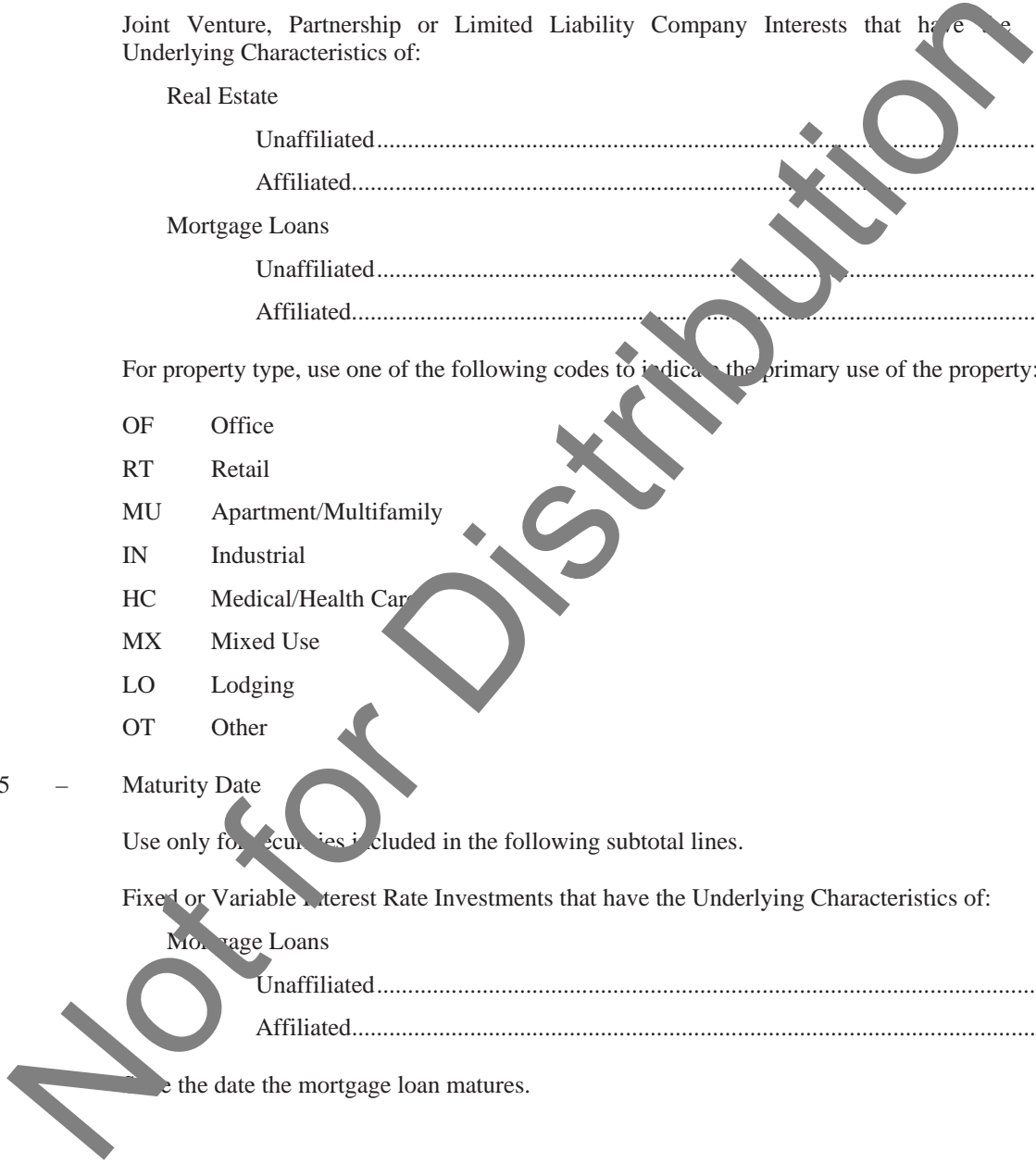
Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated..... 0999999

Affiliated..... 1099999

Indicate 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 by **Life and Fraternal** insurers that file Schedule BA investments with the Securities Valuation Office.

All CUSIP/PPN/CINS numbers entered in this column must conform to those as published by the Securities Valuation Office (SVO). CUSIP numbers for all purchased publicly issued securities are available from the broker’s confirmation or the certificate and will be identical to those used by the SVO. 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 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 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 real 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).

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).

Not for Distribution

**** 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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.....	0999999
Affiliated.....	1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

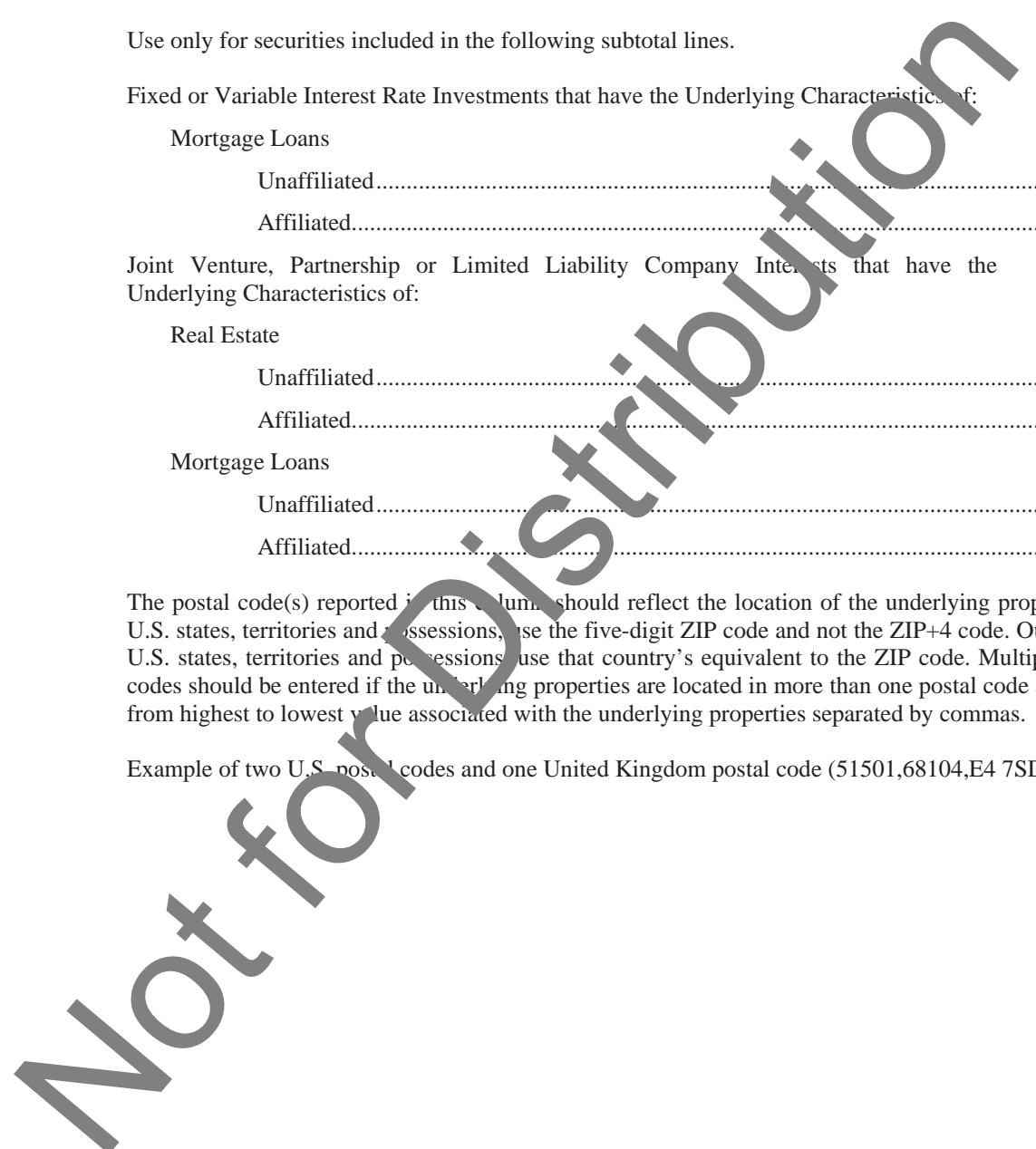
Unaffiliated.....	1799999
Affiliated.....	1899999

Mortgage Loans

Unaffiliated.....	1999999
Affiliated.....	2099999

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.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.....	0999999
Affiliated.....	1099999

Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of:

Real Estate

Unaffiliated.....	1799999
Affiliated.....	1899999

Mortgage Loans

Unaffiliated.....	1999999
Affiliated.....	2099999

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

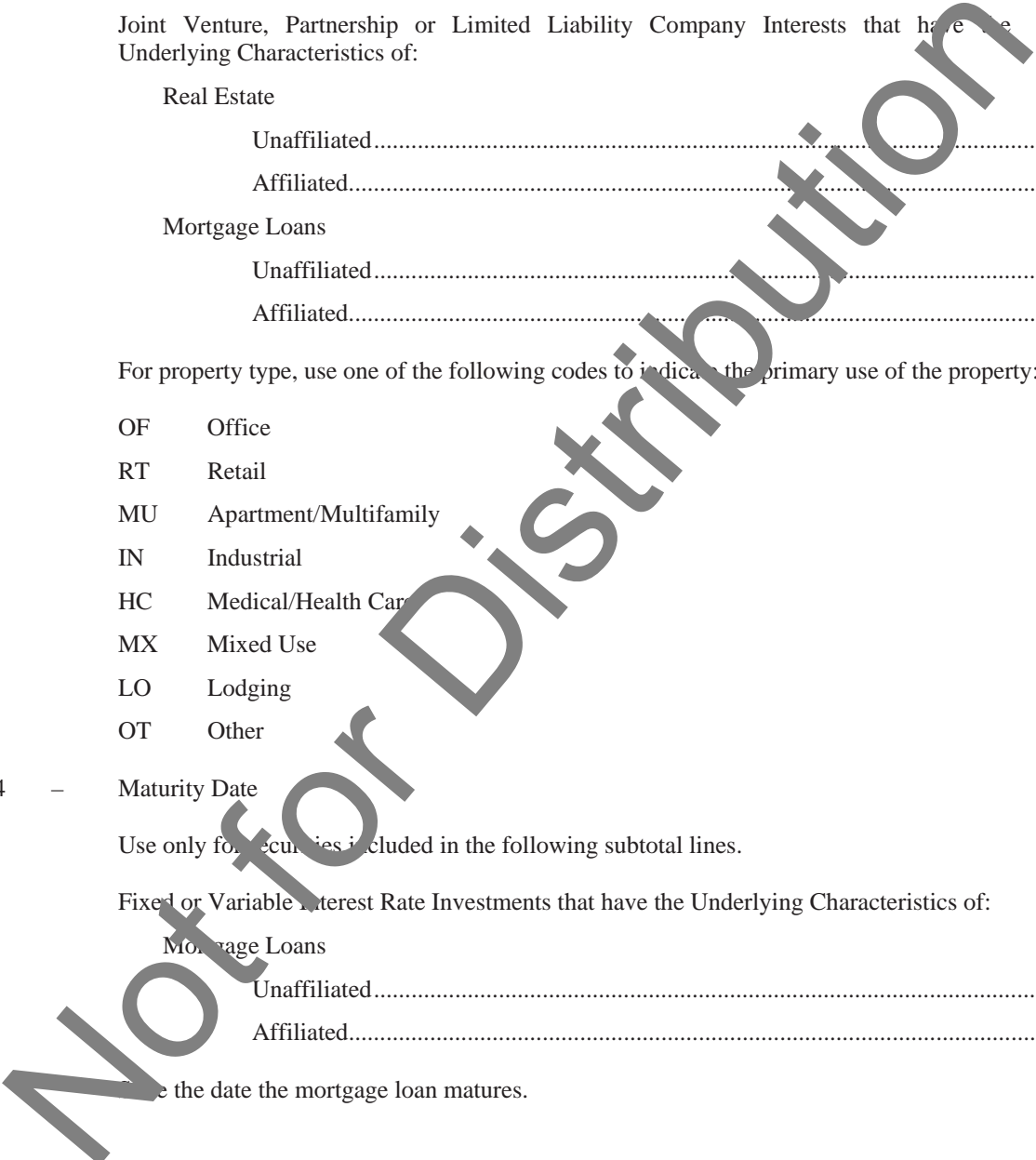
Use only for securities included in the following subtotal lines.

Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of:

Mortgage Loans

Unaffiliated.....	0999999
Affiliated.....	1099999

Indicate the date the mortgage loan matures.



Not for Distribution

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.**
- **Flow chart for determining the SEC designation for structured securities.**
- **List of stock exchange names and abbreviations.**

	<u>Category</u>	<u>Line Number</u>
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
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
Total Bonds	
Subtotals – Issuer Obligations	7799999
Subtotals – Residential Mortgage-Backed Securities.....	7899999
Subtotals – Commercial Mortgage-Backed Securities.....	7999999
Subtotals – Other Loan-Backed and Structured Securities	8099999
Subtotal – SVO Identified Funds	8199999
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 report a valid ISIN (Column 33) security number. The CUSIP field should be zero-filled.

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 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 matrix 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 may be less than par.
4. Bonds 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 should include agency and non-agency residential mortgage-backed securities (RMBS); some commercial mortgage-backed securities (CMBS), as well as 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.)
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 includes insurance-linked securities, such as catastrophe bonds, interest-only strips (IOs), mortgage-referenced transactions or other issuer obligations that are not actually backed by a pool of assets but where the obligation to pay is tied to an index or performance or a pool of assets.)
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.

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

Insert the NAIC designation for such security provided in the *Valuation of Securities*. Any NAIC Designation that is not obtained from the current edition of the *Valuation of Securities* or its *Supplement* and that is entered by the reporting entity under its own judgment shall have the letter “Z” appended to the designation. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* Part One, Section 3.

For Bond Mutual Funds – as Identified by the SVO, enter 1.

For Exchange Traded Funds – as Identified by the SVO, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Following is a matrix of the valid combinations of designations and suffixes for bonds.

1	2	3	4	5	6
1S	2S	3S	4S	5S	6S
				5*	6*
				5*S	6*S
				5*GI	
1F	2F	3F	4F	5F	6F
1FE	2FE	3FE	4FE	5FE	6FE
1AM	2AM	3AM	4AM	5AM	6AM
1FM	2FM	3FM	4FM	5FM	6FM
1Z	2Z	3Z	4Z	5Z	6Z
1Z*	2Z*	3Z*	4Z*	5Z*	6Z*

If the VOS data file does not provide a designation for a specific security, an “FE,” “AM,” “FM,” “Z,” “S” or “F” must follow the designation reported in this column.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structured securities.

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.

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 including 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-Indexed 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 (calculated 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 (calculated 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 issue, 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 appropriate state abbreviation for the state where the security is issued (e.g., “MO” for Missouri).

U.S. Political Subdivisions of States, Territories and Positions

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 “FS” 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.

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 or the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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.

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., condos, 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 asset.

7 CDO/CLO/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 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 annualized 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
- Information 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 Part One, Section 3 of 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

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. If, another debtholder could block payments to that holder or prevent that holder or 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).

Not for Distribution

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-asset (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.**

<u>Category</u>	<u>Line Number</u>
Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates	8599999
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 report a valid ISIN (Column 27) security number. The CUSIP field should be zero-filled.

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 **matrix 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* may allow other valuation methods for preferred stock investments in Subsidiary, Controlled or Affiliated (SCA) companies.

Deduct: Cash dividend payment 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:

NAIC Designation RP1 – RP3	Enter book value
NAIC Designation RP4 – RP6	Enter the lower of book value or fair value
NAIC Designation P1 – P3	Enter book value
NAIC Designation P4 – P6	Enter the lower of book value or fair value

For reporting entities not maintaining an AVR:

NAIC Designation RP1 – RP2	Enter book value
NAIC Designation RP3 – RP6	Enter the lower of book value or fair value
NAIC Designations P1 – P2	Enter fair value
NAIC Designations P3 – P6	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

Insert the NAIC designation for such security reported in the *Valuation of Securities*. Include the market indicator A, J, K, L, U or V at the end of the NAIC designation. Any NAIC Designation that is obtained from the current edition of the *Valuation of Securities* or its *Supplement* and that is entered by the reporting entity under its own judgment shall have the letter "FE," "Z," "F" or "S" appended to the designation. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Three, Section 1.

For Exchange Traded Funds, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Exchange Traded Funds should be reported as perpetual securities.

Following is a matrix of the valid combinations of codes for preferred stock.

P1A	P2A	P3A	P4A	P5A	P6A
P1SA	P2SA	P3SA	P4SA	P5SA	P6SA
				P5*A	P6*A
				P5*SA	P6*SA
P1J	P2J	P3J	P4J	P5J	P6J
P1SJ	P2SJ	P3SJ	P4SJ	P5SJ	P6SJ
				P5*J	P6*J
				P5*SJ	P6*SJ
P1K	P2K	P3K	P4K	P5K	P6K
P1SK	P2SK	P3SK	P4SK	P5SK	P6SK
				P5*K	P6*K
				P5*SK	P6*SK
P1L	P2L	P3L	P4L	P5L	P6L
P1SL	P2SL	P3SL	P4SL	P5SL	P6SL
				P5*L	P6*L
				P5*SL	P6*SL
P1U	P2U	P3U	P4U	P5U	P6U
P1SU	P2SU	P3SU	P4SU	P5SU	P6SU
				P5*U	P6*U
				P5*SU	P6*SU
P1V	P2V	P3V	P4V	P5V	P6V
P1SV	P2SV	P3SV	P4SV	P5SV	P6SV
				P5*V	P6*V
				P5*SV	P6*SV
P1AZ	P2AZ	P3AZ	P4AZ	P5AZ	P6AZ
P1AF	P2AF	P3AF	P4AF	P5AF	P6AF
P1AZ*	P2AZ*	P3AZ*	P4AZ*	P5AZ*	P6AZ*
P1JZ	P2JZ	P3JZ	P4JZ	P5JZ	P6JZ
P1JF	P2JF	P3JF	P4JF	P5JF	P6JF
P1JZ*	P2JZ*	P3JZ*	P4JZ*	P5JZ*	P6JZ*
P1KZ	P2KZ	P3KZ	P4KZ	P5KZ	P6KZ
P1KF	P2KF	P3KF	P4KF	P5KF	P6KF
P1KZ*	P2KZ*	P3KZ*	P4KZ*	P5KZ*	P6KZ*
P1LFE	P2LFE	P3LFE	P4LFE	P5LFE	P6LFE
P1LZ	P2LZ	P3LZ	P4LZ	P5LZ	P6LZ
P1LF	P2LF	P3LF	P4LF	P5LF	P6LF
P1LZ*	P2LZ*	P3LZ*	P4LZ*	P5LZ*	P6LZ*
P1UFE	P2UFE	P3UFE	P4UFE	P5UFE	P6UFE
P1UZ	P2UZ	P3UZ	P4UZ	P5UZ	P6UZ
P1UF	P2UF	P3UF	P4UF	P5UF	P6UF
P1UZ*	P2UZ*	P3UZ*	P4UZ*	P5UZ*	P6UZ*
P1VFE	P2VFE	P3VFE	P4VFE	P5VFE	P6VFE
P1VZ	P2VZ	P3VZ	P4VZ	P5VZ	P6VZ
P1VF	P2VF	P3VF	P4VF	P5VF	P6VF
P1VZ*	P2VZ*	P3VZ*	P4VZ*	P5VZ*	P6VZ*
RP1A	RP2A	RP3A	RP4A	RP5A	RP6A
RP1SA	RP2SA	RP3SA	RP4SA	RP5SA	RP6SA
				RP5*A	RP6*A
				RP5*SA	RP6*SA
RP1J	RP2J	RP3J	RP4J	RP5J	RP6J
RP1SJ	RP2SJ	RP3SJ	RP4SJ	RP5SJ	RP6SJ
				RP5*J	RP6*J
				RP5*SJ	RP6*SJ
RP1K	RP2K	RP3K	RP4K	RP5K	RP6K
RP1SK	RP2SK	RP3SK	RP4SK	RP5SK	RP6SK

				RP5*K	RP6*K
				RP5*SK	RP6*SK
RP1L	RP2L	RP3L	RP4L	RP5L	RP6L
RP1SL	RP2SL	RP3SL	RP4SL	RP5SL	RP6SL
				RP5*L	RP6*L
				RP5*SL	RP6*SL
RP1U	RP2U	RP3U	RP4U	RP5U	RP6U
RP1SU	RP2SU	RP3SU	RP4SU	RP5SU	RP6SU
				RP5*U	RP6*U
				RP5*SU	RP6*SU
RP1V	RP2V	RP3V	RP4V	RP5V	RP6V
RP1SV	RP2SV	RP3SV	RP4SV	RP5SV	RP6SV
				RP5*V	RP6*V
				RP5*SV	RP6*SV
RP1AZ	RP2AZ	RP3AZ	RP4AZ	RP5AZ	RP6AZ
RP1AF	RP2AF	RP3AF	RP4AF	RP5AF	RP6AF
RP1AZ*	RP2AZ*	RP3AZ*	RP4AZ*	RP5AZ*	RP6AZ*
RP1JZ	RP2JZ	RP3JZ	RP4JZ	RP5JZ	RP6JZ
RP1JF	RP2JF	RP3JF	RP4JF	RP5JF	RP6JF
RP1JZ*	RP2JZ*	RP3JZ*	RP4JZ*	RP5JZ*	RP6JZ*
RP1KZ	RP2KZ	RP3KZ	RP4KZ	RP5KZ	RP6KZ
RP1KF	RP2KF	RP3KF	RP4KF	RP5KF	RP6KF
RP1KZ*	RP2KZ*	RP3KZ*	RP4KZ*	RP5KZ*	RP6KZ*
RP1LFE	RP2LFE	RP3LFE	RP4LFE	RP5LFE	RP6LFE
RP1LZ	RP2LZ	RP3LZ	RP4LZ	RP5LZ	RP6LZ
RP1LF	RP2LF	RP3LF	RP4LF	RP5LF	RP6LF
RP1LZ*	RP2LZ*	RP3LZ*	RP4LZ*	RP5LZ*	RP6LZ*
RP1UFE	RP2UFE	RP3UFE	RP4UFE	RP5UFE	RP6UFE
RP1UZ	RP2UZ	RP3UZ	RP4UZ	RP5UZ	RP6UZ
RP1UF	RP2UF	RP3UF	RP4UF	RP5UF	RP6UF
RP1UZ*	RP2UZ*	RP3UZ*	RP4UZ*	RP5UZ*	RP6UZ*
RP1VFE	RP2VFE	RP3VFE	RP4VFE	RP5VFE	RP6VFE
RP1VZ	RP2VZ	RP3VZ	RP4VZ	RP5VZ	RP6VZ
RP1VF	RP2VF	RP3VF	RP4VF	RP5VF	RP6VF
RP1VZ*	RP2VZ*	RP3VZ*	RP4VZ*	RP5VZ*	RP6VZ*

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.

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 or the following Web address:**

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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.

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-asset (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.**

<u>Category</u>	<u>Line Number</u>
Industrial and Miscellaneous (Unaffiliated)	9099999
Parent, Subsidiaries and Affiliates	9199999
Mutual Funds	9299999
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 types 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 report a valid ISIN (Column 24) security number. The CUSIP field should be zero-filled.

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, Issuer. 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 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.

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 **matrix 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 collectibility 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 – NAIC Market Indicator

Insert the NAIC market indicator for such security printed in the *Valuation of Securities*. If this market indicator is not available, the reporting entity should include a market indicator of "A," "J," "K," "L," "U" or "V" as appropriate. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part One, Section 3.

Following is a listing of the valid codes for common stock.

A	J	K	L	U	V
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Column 18 – 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.

**** 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.

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 or the following Web address:**

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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.

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 definition for bonds and stocks.**
- **Foreign column code list.**

<u>Category</u>	<u>Line Number</u>
Bonds:	
U.S. Government	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.....	8199999
Subtotals – Bonds – Part 3.....	8399997
Summary item from Part 5 for Bonds.....	8399998
Subtotals – Bonds	8399999

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates.....	8599999
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)	9099999
Parent, Subsidiaries and Affiliates.....	9199999
Mutual Funds.....	9299999
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 report a valid ISIN (Column 14) security number. The CUSIP field should be zero-filled.

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 FFO Realized 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 **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. 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 on 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.
- 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 condition, 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.

Not for Distribution

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.**
- **Forward column code list.**

<u>Category</u>	<u>Line Number</u>
Bonds:	
U.S. Governments	0599999
Foreign 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.....	8199999
Subtotals – Bonds – Part 4.....	8399997
Summary item from Part 5 for Bonds.....	8399998
Subtotals – Bonds	8399999

Preferred Stocks:

Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates.....	8599999
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)	9099999
Parent, Subsidiaries and Affiliates.....	9199999
Mutual Funds.....	9299999
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
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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/regalization 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 report a valid ISIN (Column 26) security number. The CUSIP field should be zero-filled.

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, Issue 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 CMO 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 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 **matrix 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 issuer'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.

- 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. If security was not owned at prior year-end, enter zero.
- 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).
- 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 effect 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 aggregate cost, Column 9 at date of sale.
- 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.
- Column 21 – Stated Contracted 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 Positions

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.

Not for Distribution

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 4. (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.**

<u>Category</u>	<u>Line Number</u>
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.....	8199999
Subtotals – Bonds.....	8399998
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated)	8499999
Parent, Subsidiaries and Affiliates.....	8599999
Subtotals – Preferred Stocks.....	8999998

Common Stocks:

Industrial and Miscellaneous (Unaffiliated).....	9099999
Parent, Subsidiaries and Affiliates.....	9199999
Mutual Funds.....	9299999
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 FHLMF 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 report a valid ISIN (Column 26) security number. The CUSIP field should be zero-filled.

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 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 **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.

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.

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.

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.

**** 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 Positions

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 users 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 3/15/2022
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:

<u>Category</u>	<u>Line Number</u>
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 report a valid ISIN (Column 16) security number. The CUSIP field should be zero-filled.

Column 2 – Description

List the preferred and common stocks for each subsidiary, controlled or affiliated (CA) 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 **matrix 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)	*
Certified Reinsurer Identification Number	(CRIN)	*

* AIINs or CRINs are only reported if the entity is a reinsurer that has had an 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 in Part Five, Section 2 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Use the following codes to indicate a specific valuation method:

<u>CODE</u>	<u>Valuation Method</u>
2ciA1	Market Value
2ciB1	Investment in US Insurance Company SCAs
2ciB2	Investments in non-insurance SCA Entities Statutory Basis
2ciB3	Investments in non-insurance SCA Entities GAAP Basis
2ciB4	Investments in Foreign Insurance Company SCA Entities
2ciB5	Investments in Foreign non-insurance SCA Entities
2ciB6	Investments in Preferred Stock of an SCA

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 *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, 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 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 all 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:

<u>Category</u>	<u>Line Number</u>
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 (as a result 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.

Not for Distribution

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. 31 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 same 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.**

	<u>Category</u>	<u>Line Number</u>
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
Subtotals – Parent, Subsidiaries and Affiliates Bonds	5599999
SVO Identified Funds	
Exchange Traded Funds – as Identified by the SVO.....	5899999
Fund Mutual Funds – as Identified by the SVO	5999999
Subtotals – SVO Identified Funds.....	6099999
Total Bonds	
Subtotals – Issuer Obligations.....	7799999
Subtotals – Residential Mortgage-Backed Securities.....	7899999
Subtotals – Commercial Mortgage-Backed Securities	7999999
Subtotals – Other Loan-Backed and Structured Securities	8099999
Subtotal – SVO Identified Funds	8199999
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 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**).

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 (**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 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.

| 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 MJS 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.

| **** Column 21 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.

Not for Distribution

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;
- 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.

“*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 contractual 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*.

Not for Distribution

SCHEDULE DB – PART A
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
<u>Purchased Options</u>	
Hedging Effective	
Call Options and Warrants.....	0019999
Put Options.....	0029999
Caps	0039999
Floors	0049999
Collars.....	0059999
Other	0069999
Subtotal – Hedging Effective.....	0079999
Hedging Other	
Call Options and Warrants.....	0089999
Put Options.....	0099999
Caps	0109999
Floors	0119999
Collars.....	0129999
Other	0139999
Subtotal – Hedging Other	0149999
Replications	
Call Options and Warrants.....	0159999
Put Options.....	0169999
Caps	0179999
Floors	0189999
Collars.....	0199999
Other	0209999
Subtotal – Replications.....	0219999
Income Generation	
Call Options and Warrants.....	0229999
Put Options.....	0239999
Caps	0249999
Floors	0259999
Collars.....	0269999
Other	0279999
Subtotal – Income Generation.....	0289999
Other	
Call Options and Warrants.....	0299999
Put Options.....	0309999
Caps	0319999
Floors	0329999
Collars.....	0339999
Other	0349999
Subtotal – Other	0359999

Total Purchased Options

Subtotal – Call Options and Warrants	0369999
Subtotal – Put Options	0379999
Subtotal – Caps	0389999
Subtotal – Floors	0399999
Subtotal – Collars	0409999
Subtotal – Other	0419999
Subtotal – Total Purchased Options	0429999

Written Options

Hedging Effective

Call Options and Warrants	0439999
Put Options	0449999
Caps	0459999
Floors	0469999
Collars	0479999
Other	0489999
Subtotal – Hedging Effective	0499999

Hedging Other

Call Options and Warrants	0509999
Put Options	0519999
Caps	0529999
Floors	0539999
Collars	0549999
Other	0559999
Subtotal – Hedging Other	0569999

Replications

Call Options and Warrants	0579999
Put Options	0589999
Caps	0599999
Floors	0609999
Collars	0619999
Other	0629999
Subtotal – Replications	0639999

Income Generation

Call Options and Warrants	0649999
Put Options	0659999
Caps	0669999
Floors	0679999
Collars	0689999
Other	0699999
Subtotal – Income Generation	0709999

Other

Call Options and Warrants	0719999
Put Options	0729999
Caps	0739999
Floors	0749999
Collars	0759999
Other	0769999
Subtotal – Other	0779999

Total Written Options

Subtotal – Call Options and Warrants	0789999
Subtotal – Put Options	0799999
Subtotal – Caps	0809999
Subtotal – Floors	0819999
Subtotal – Collars	0829999
Subtotal – Other	0839999
Subtotal – Total Written Options	0849999

Swaps

Hedging Effective

Interest Rate	0859999
Credit Default	0869999
Foreign Exchange	0879999
Total Return	0889999
Other	0899999
Subtotal – Hedging Effective	0909999

Hedging Other

Interest Rate	0919999
Credit Default	0929999
Foreign Exchange	0939999
Total Return	0949999
Other	0959999
Subtotal – Hedging Other	0969999

Replication

Interest Rate	0979999
Credit Default	0989999
Foreign Exchange	0999999
Total Return	1009999
Other	1019999
Subtotal – Replication	1029999

Income Generation

Interest Rate	1039999
Credit Default	1049999
Foreign Exchange	1059999
Total Return	1069999
Other	1079999
Subtotal – Income Generation	1089999

Other

Interest Rate	1099999
Credit Default	1109999
Foreign Exchange	1119999
Total Return	1129999
Other	1139999
Subtotal – Other	1149999

Total Swaps

Subtotal – Interest Rate	1159999
Subtotal – Credit Default	1169999
Subtotal – Foreign Exchange	1179999
Subtotal – Total Return	1189999
Subtotal – Other	1199999
Subtotal – Total Swaps	1209999

Forwards

Hedging Effective	1219999
Hedging Other.....	1229999
Replication	1239999
Income Generation	1249999
Other.....	1259999
Subtotal – Forwards	1269999

Totals:

Subtotal – Hedging Effective	1399999
Subtotal – Hedging Other.....	1409999
Subtotal – Replication	1419999
Subtotal – Income Generation.....	1429999
Subtotal – Other	1439999

Total.....	1449999
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Definitions:

Hedging Effective:

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.

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.

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.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

For swaptions, include the hedge ratio 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,” “VAC/LB 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 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	–	<p>Schedule/Exhibit Identifier</p> <p>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.”</p> <p>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.</p>
Column 4	–	<p>Type(s) of Risk(s)</p> <p>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.</p> <p>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.</p> <p>In the event there is more than one type of risk, use the most relevant risk.</p>
Column 5	–	<p>Exchange, Counterparty or Central Clearinghouse</p> <p>Show the name, followed by the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an LEI number has been assigned, of the exchange, counterparty or central clearinghouse.</p> <p>If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.</p> <p>If OTC traded, show the name and the LEI of counterparty and the guarantor upon whose credit the reporting entity relies.</p>
Column 6	–	<p>Trade Date</p> <p>Show the trade date of the original transaction.</p> <p>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.</p>
Column 7	–	<p>Date of Maturity or Expiration</p> <p>Show the date of maturity or expiration of the derivative, as appropriate.</p>
Column 8	–	<p>Number of Contracts</p> <p>Show the number of contracts, as applicable (e.g., for exchange-traded derivatives) as an absolute (non-negative) value.</p>
Column 9	–	<p>Notional Amount</p> <p>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 <i>SSAP No. 86—Derivatives</i>.</p> <p>If the replication (synthetic asset) transactions are not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with <i>SSAP No. 23—Foreign Currency Transactions and Translations</i>.</p>

Column 10	<p>– Strike Price, Rate or Index Received (Paid)</p> <p>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.</p> <p>Forward exchange rate must be stated as: Fx Currency per US\$ (Fx/US\$).</p> <p>For credit derivatives, state “credit event” when the payment is triggered by a standard International Swaps and Derivatives Association (ISDA) defined credit event.</p> <p>Describe non-standard credit event in footnotes to the annual statement.</p> <p>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).”</p>
Column 11	<p>– Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid</p> <p>For derivatives opened in prior reporting years, show the cumulative remaining premium or other payment (received) paid since the derivative contract was entered into.</p> <p>If a derivative has been partially terminated, the terminated portion of the premium is reported in Schedule DB, Part A, Section 2.</p>
Column 12	<p>– Current Year Initial Cost of Premium (Received) Paid</p> <p>For derivatives opened in the current reporting year, show the premium or other payment (received) paid when the derivative contract was entered into.</p>
Column 13	<p>– Current Year Income</p> <p>Show the amount of income received (paid), on accrual basis, during the year (excluding the amount entered in Column 11).</p> <p>If such payments are both received and paid (e.g., interest swaps), show the net amount (excluding taxes).</p>
Column 14	<p>– Book/Adjusted Carrying Value</p> <p>Represents the statement value with any nonadmitted assets added back.</p> <p>Refer to <i>SSAP</i> 108–86—<i>Derivatives</i> for further discussion.</p>
Column 15	<p>– Code</p> <p>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.</p> <p>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.</p> <p>Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.</p>

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.

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 (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 .2 years.

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 27 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 or the following Web site:**

www.fixprotocol.org/specifications/exchanges.shtml

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.

Not for Distribution

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.

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,” “VAICLB 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	<p>– Schedule/Exhibit Identifier</p> <p>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.”</p> <p>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.</p>
Column 4	<p>– Type(s) of Risk(s)</p> <p>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.</p> <p>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.</p> <p>In the event there is more than one type of risk, use the most relevant risk.</p>
Column 5	<p>– Exchange, Counterparty or Central Clearinghouse</p> <p>Show the name, followed by the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange, counterparty or central clearinghouse.</p> <p>If exchange-traded, show the name and the LEI of the exchange, Board of Trade or contract market.</p> <p>If OTC traded, show the name and the LEI of the counterparty and the guarantor upon whose credit the reporting entity relies.</p>
Column 6	<p>– Trade Date</p> <p>Show the trade date of the original transaction.</p> <p>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).</p>
Column 7	<p>– Date of Maturity or Expiration</p> <p>Show the date of maturity or expiration of the derivative, as appropriate.</p>
Column 8	<p>– Termination Date</p> <p>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).</p>
Column 9	<p>– Indicate Exercise, Expiration, Maturity or Sale</p> <p>Indicate the cause of termination.</p>

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 <i>SSAP No. 86—Derivatives</i> .
		If the replication (synthetic asset) transaction is not denominated in U.S. dollars, convert it into U.S. dollar equivalent in accordance with <i>SSAP No. 23—Foreign Currency Transactions and Translations</i> .
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 Premium (Received) Paid
		For derivatives opened in prior reporting years, show the cumulative remaining premium or other payment (received) paid since the derivative contract was entered into.
Column 14	–	Current Year Initial Cost or Premium (Received) Paid
		For derivatives opened in the current reporting year, show the 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 <i>SSAP No. 86—Derivatives</i> for further discussion.

Column 18	– Code	<p>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.</p> <p>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.</p> <p>Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.</p>
Column 19	– Unrealized Valuation Increase/(Decrease)	<p>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.</p>
Column 20	– Total Foreign Exchange Change in Book/Adjusted Carrying Value	<p>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.</p> <p>The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.</p>
Column 21	– Current Year's (Amortization)/Accretion	<p>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.</p>
Column 22	– Gain (Loss) on Termination – Recognized	<p>This represents gain (loss) on termination that is not deferred or used to adjust basis of hedged items.</p> <p>This equals consideration received less book/adjusted carrying value at termination.</p>
Column 23	– Adjustment to the Carrying Value of Hedged Item	<p>This represents the gain (loss) on termination that was used to adjust the basis of a hedged item in the current year.</p> <p>It includes the book/adjusted carrying value of premiums that were allocated to the purchase cost on exercise of an option.</p>
Column 24	– Gain (Loss) on Termination – Deferred	<p>This represents the gain (loss) on termination that was deferred over year-end.</p> <p>This equals consideration received less book/adjusted carrying value at termination.</p>

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 .2 years.

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 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.

SCHEDULE DB – PART B
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each Section, separate derivative instruments into the following categories:

	<u>Category</u>	<u>Line Number</u>
Long Futures:		
	Hedging Effective	1279999
	Hedging Other	1289999
	Replication	1299999
	Income Generation	1309999
	Other	1319999
	Subtotal – Long Futures	1329999
Short Futures:		
	Hedging Effective	1339999
	Hedging Other	1349999
	Replication	1359999
	Income Generation	1369999
	Other	1379999
	Subtotal – Short Futures	1389999
Totals:		
	Subtotal – Hedging Effective	1399999
	Subtotal – Hedging Other	1409999
	Subtotal – Replication	1419999
	Subtotal – Income Generation	1429999
	Subtotal – Other	1439999
Total.....		1449999

Definitions:

Hedging Effective:

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.

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

Not for Distribution

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 <i>SSAP No. 86—Derivatives</i> .
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.
		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,” “MAGLB 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 an 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 in 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 .2 years.

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 – Variation 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 25 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 or the following Web address:**

www.fixprotocol.org/specifications/exchanges.shtml

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.

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 <i>SSAP No. 86—Derivatives</i> .
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.
		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,” “VAI/MLB 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	–	<p>Type(s) of Risk(s)</p> <p>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.</p> <p>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.</p> <p>In the event there is more than one type of risk, use the most relevant risk.</p>
Column 8	–	<p>Date of Maturity or Expiration</p> <p>Show the date of maturity or expiration of the derivative, as appropriate.</p>
Column 9	–	<p>Exchange</p> <p>Show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an LEI number has been assigned, for the exchange on which the contract was transacted.</p>
Column 10	–	<p>Trade Date</p> <p>Show the trade date of the original transaction.</p> <p>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).</p>
Column 11	–	<p>Transaction Price</p> <p>Show the original transaction price (the price at which the futures were purchased or sold).</p> <p>If several positions of the same futures contract are summarized, show the weighted average price.</p>
Column 12	–	<p>Termination Date</p> <p>Show the date when the derivative position was terminated.</p> <p>The reporting entity may summarize on one line all identical instruments with the same exchange or counterparty using the latest termination date.</p>
Column 13	–	<p>Termination Price</p> <p>The price at which the position was closed.</p>
Column 14	–	<p>Indicate Exercise, Expiration, Maturity or Sale</p> <p>Indicate the cause of termination.</p>
Column 15	–	<p>Cumulative Variation Margin at Termination</p> <p>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).</p> <p>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).</p>

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 footnote 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 .2 years.

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 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.

Not for Distribution

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.

On subsequent lines, show separately six groups of OTC (over-the-counter) derivative counterparties by NAIC Designation, followed by the aggregate sum for centrally cleared derivatives.

Within each group, list the counterparties or central clearinghouses in alphabetical order.

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.....	0199999
Total NAIC 1 Designation.....	0299999
Total NAIC 2 Designation.....	0399999
Total NAIC 3 Designation.....	0499999
Total NAIC 4 Designation.....	0599999
Total NAIC 5 Designation.....	0699999
Total NAIC 6 Designation.....	0799999
Aggregate Sum of Central Clearinghouses.....	0899999
Total (Sum of 0199999, 0299999, 0399999, 0499999, 0599999, 0699999, 0799999 & 0899999)	0999999

Column 1 Description of Exchange, Counterparty or Central Clearinghouse

The first line for the Aggregate Sum of Exchange Traded Derivatives.

On subsequent lines, show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an 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 0199999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999) 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 0199999) and for the Aggregate Sum of Central Clearinghouses (Line 0899999) 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 0199999).

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 statement 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 statement 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 0199999), show 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 0199999), show 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 0199999) and for each OTC counterparty and central clearinghouse.

Column 12 – Off-Balance Sheet Exposure

For Exchange Traded Derivatives (Line 0199999), 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.....0199999
 Total Collateral Pledged to Reporting Entity.....0299999

- Column 1 – Exchange, Counterparty or Central Clearinghouse
 Show the name and the Commodity Futures Trading Commission’s Legal Entity Identifier (LEI), if an 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. 100—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.

Not for Distribution

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 newly 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 line 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.
- Flow chart for determining the NAIC designation for structured securities.
- List of stock exchange names and abbreviations.

<u>Category</u>	<u>Line Number</u>
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
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
Total Bonds	
Subtotals – Issuer Obligations.....	6199999
Subtotals – Residential Mortgage-Backed Securities.....	6299999
Subtotals – Commercial Mortgage-Backed Securities.....	6399999
Subtotals – Other Loan-Backed and Structured Securities	6499999
Subtotal – SVO Identified Funds	6599999
Subtotals – Total Bonds	6699999
Stocks:	
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated).....	6899999
Parent, Subsidiaries and Affiliates	6999999
Total Preferred Stocks.....	7099999
Common Stocks:	
Industrial and Miscellaneous (Unaffiliated).....	7199999
Parent, Subsidiaries and Affiliates	7299999
Mutual Funds.....	7399999
Total Common Stocks.....	7599999
Total Preferred and Common Stocks.....	7699999
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 7599999, if no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 11) security number. The CUSIP field should be zero-filled.

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 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1
Line 8899999	Schedule B, Part 1, Column 1
Line 9199999	Schedule E, Part 2, Column 1

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

Real Estate (Schedule A type)	8699999
Mortgage Loans on Real Estate (Schedule B type).....	8799999
Short-Term Invested Assets (Schedule D, 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 “S” 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/Market Indicator

The NAIC Designation/Market Indicator 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 6699999 Schedule D, Part 1, Column 6
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 20
- Lines 7199999 through 7599999 Schedule D, Part 2, Section 2, Column 17
- Line 8899999 Schedule BA, Part 1, Column 7

For Lines 8699999, 8799999, 8999999, 9099999, 9199999, and 9299999, the column should be left blank.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structure securities.

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 6699999 Schedule D, Part 1, Column 9
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 10
- Lines 7199999 through 7599999 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 6699999 Schedule D, Part 1, Column 11
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 8
- Lines 7199999 through 7599999 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 6699999 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:

- 6899999 through 7099999 Preferred Stock (Schedule D, Part 2, Section 1 type)
- 7199999 through 7599999 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.

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 names can be found in the Investment Schedules General Instructions or the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1

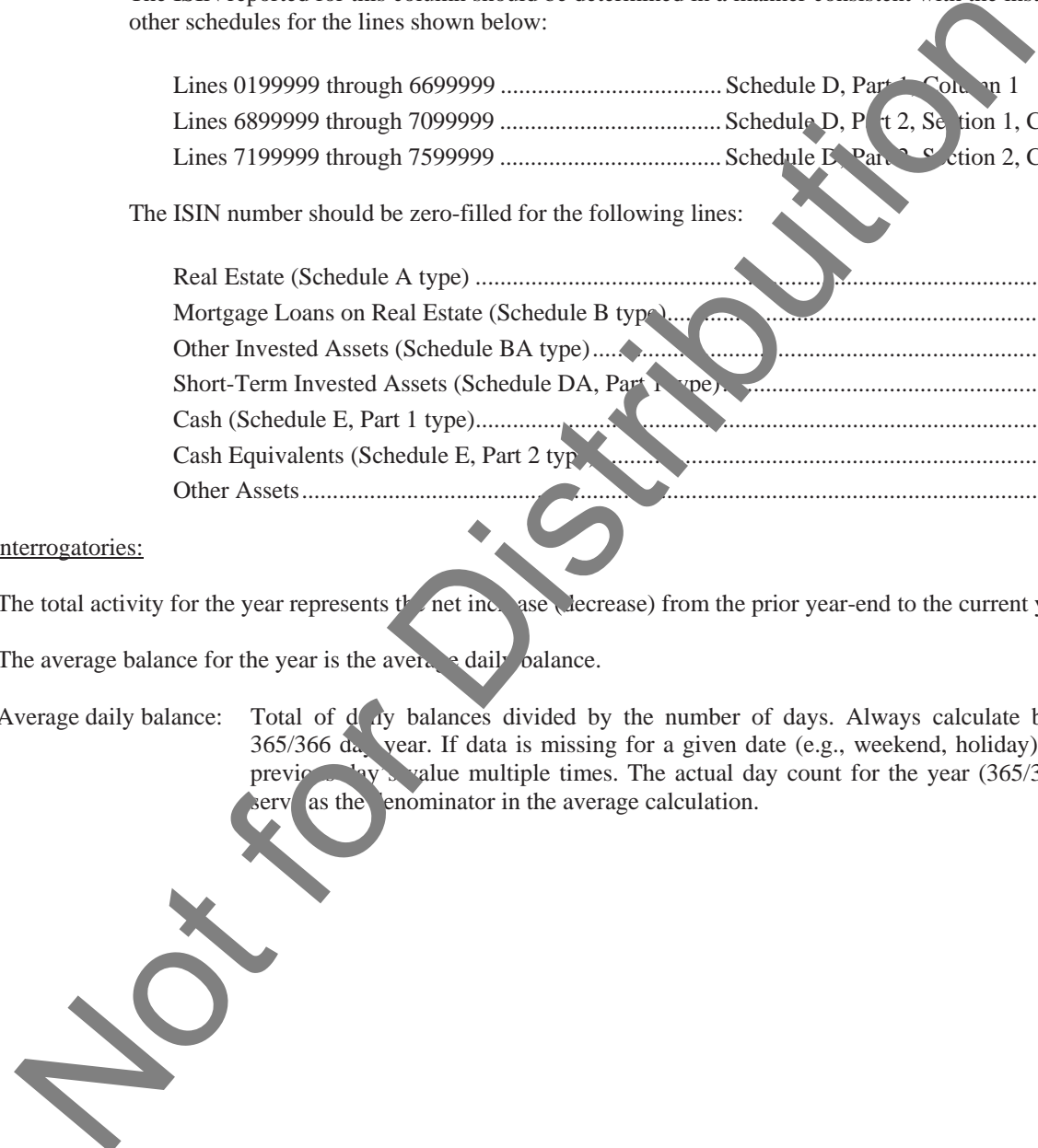
The ISIN number should be zero-filled for the following lines:

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.



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 Asset 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 on 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 reported 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.
- Flow chart for determining the NAIC designation for structured securities.
- List of stock exchange names and abbreviations.

<u>Category</u>	<u>Line Number</u>
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
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
Total Bonds	
Subtotals – Issuer Obligations.....	6199999
Subtotals – Residential Mortgage-Backed Securities.....	6299999
Subtotals – Commercial Mortgage-Backed Securities.....	6399999
Subtotals – Other Loan-Backed and Structured Securities	6499999
Subtotal – SVO Identified Funds	6599999
Subtotals – Total Bonds	6699999
Stocks:	
Preferred Stocks:	
Industrial and Miscellaneous (Unaffiliated).....	6899999
Parent, Subsidiaries and Affiliates	6999999
Total Preferred Stocks.....	7099999
Common Stocks:	
Industrial and Miscellaneous (Unaffiliated).....	7199999
Parent, Subsidiaries and Affiliates	7299999
Mutual Funds.....	7399999
Total Common Stocks.....	7599999
Total Preferred and Common Stocks.....	7699999
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 7599999, if no valid CUSIP, CINS or PPN number exists, then report a valid ISIN (Column 11) security number. The CUSIP field should be zero-filled.

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 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1
Line 8899999	Schedule B, Part 1, Column 1
Line 9199999	Schedule E, Part 2, Column 1

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

Real Estate (Schedule A)	8699999
Mortgage Loans on Real Estate (Schedule B)	8799999
Short-Term Invested Assets (Schedule D, 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 “S” 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/Market Indicator

The NAIC Designation/Market Indicator reported for this column should be same for the security as reported in other schedules for the lines shown below:

- Lines 0199999 through 6699999 Schedule D, Part 1, Column 6
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 20
- Lines 7199999 through 7599999 Schedule D, Part 2, Section 2, Column 17
- Line 8899999 Schedule BA, Part 1, Column 7

For Lines 8699999, 8799999, 8999999, 9099999, 9199999 and 9299999, the column should be left blank.

Refer to the flow chart in the Investment Schedules General Instructions for instruction on how to determine the NAIC designation for structure securities.

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 6699999 Schedule D, Part 1, Column 9
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 10
- Lines 7199999 through 7599999 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 6699999 Schedule D, Part 1, Column 11
- Lines 6899999 through 7099999 Schedule D, Part 2, Section 1, Column 8
- Lines 7199999 through 7599999 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 6699999 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:

- 6899999 through 7099999 Preferred Stock (Schedule D, Part 2, Section 1 type)
- 7199999 through 7599999 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.

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 names can be found in the Investment Schedules General Instructions or the following Web address:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

For Method Code “e,” leave blank.

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 6699999	Schedule D, Part 1, Column 1
Lines 6899999 through 7099999	Schedule D, Part 2, Section 1, Column 1
Lines 7199999 through 7599999	Schedule D, Part 2, Section 2, Column 1

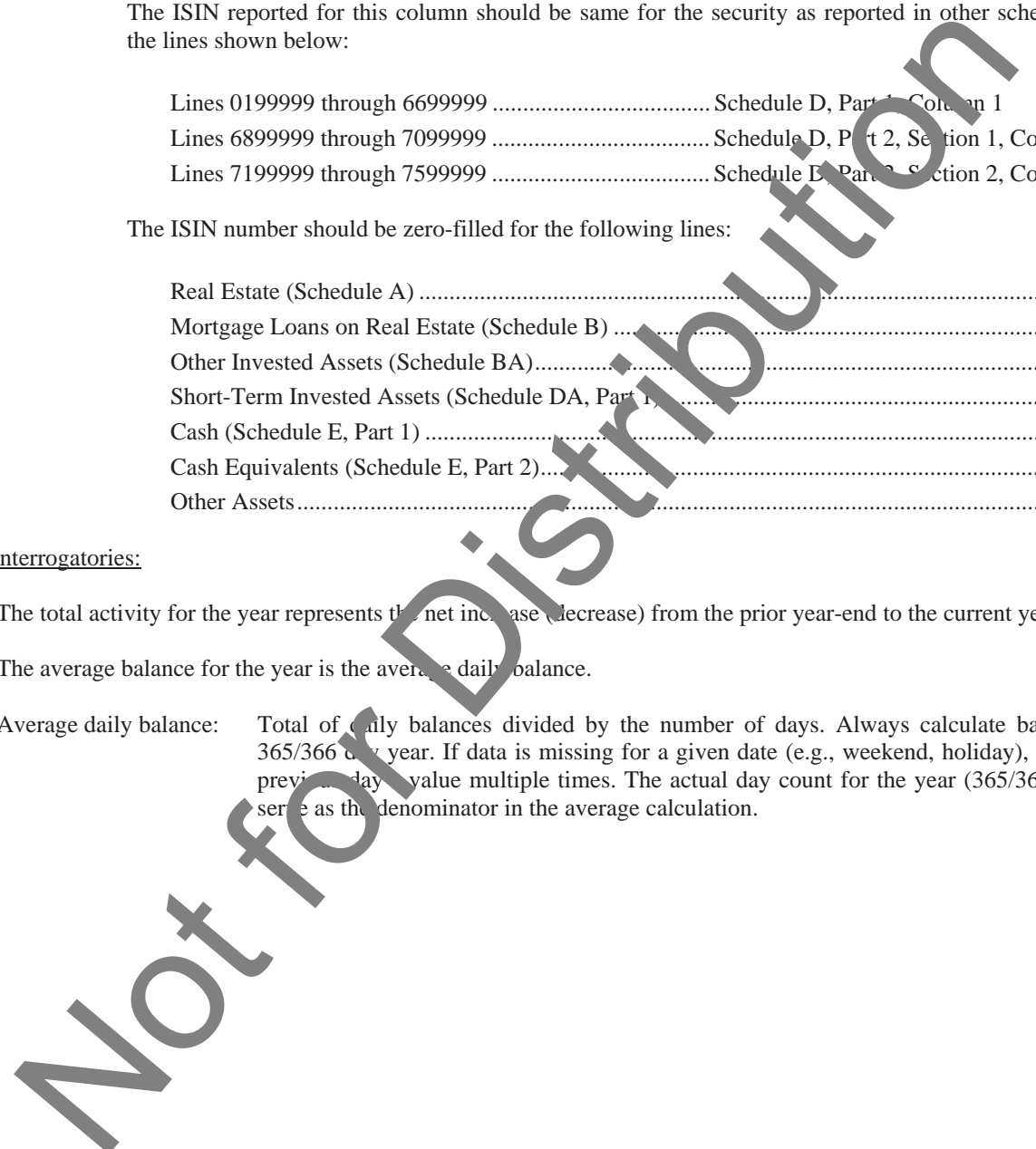
The ISIN number should be zero-filled for the following lines:

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.



Not for Distribution

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) in 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:

<u>Group or Category</u>	<u>Line Number</u>
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 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.**

	<u>Category</u>	<u>Line Number</u>
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
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

Total Bonds

Subtotals – Issuer Obligations.....	7799999
Subtotals – Residential Mortgage-Backed Securities.....	7899999
Subtotals – Commercial Mortgage-Backed Securities	7999999
Subtotals – Other Loan-Backed and Structured Securities	8099999
Subtotal – SVO Identified Funds	8199999
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 Part Six, Section 2(b)(i) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. 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

All CUSIP numbers entered in this column must conform to those as published in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, Part Six, Sections 2(a) and (g).

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 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.

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 – 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.

| **** Column 10 will be electronic only. ****

| Column 10 – Legal Entity Identifier (LEI)

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

Not for Distribution

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.

Not for Distribution

Not for Distribution

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 officer, 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 <i>SSAP No. 104R—Share-Based Payments</i> .
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 <i>SSAP No. 104R—Share-Based Payments</i> .
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 services 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 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 and Fraternal blanks, responses are to exclude Separate Accounts. For the Property/Casualty blank, responses are to exclude Protected Cell Accounts.

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: <ul style="list-style-type: none">(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.

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).

Excluding: U.S. government securities (Part Six, Section 2(a)), U.S. government agency securities (Part Six, Section 2(e)), those U.S. government money market funds (Part Six, Section 2(f)) listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt; property occupied by the company; and policy loans. Also exclude asset types that are investment companies (mutual funds) 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 10.1 – 10.6.

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 the 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 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 10. 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 investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities (including Schedule BA equity interests), and excluding money market and bond mutual funds listed in Part Six, Sections 2(f) and (g) of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt or NAIC 1).

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 and common stock of the XYZ Company of \$300,000. The total is \$900,000 (\$600,000+\$300,000). 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. Other equity securities include partnerships and Limited Liability Companies (LLC) and any other investments reported in Schedule BA classified as equity.

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 that 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 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 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 the 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 16.12, 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.

Not for Distribution

ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT

This exhibit is required to be filed no later than April 1.

1. The name of the company must be clearly shown at the top of each page or pages.
2. The Exhibit will show information concerning direct business written on policy forms approved for use in the United States with a final total for all policy forms (including non-U.S. policy forms) on the bottom line of the Exhibit.

The Exhibit will show information for each listed product for Individual, Group, and Other business categories. Subtotals by product within the individual category are required for all columns.

3. A Summary Page shows a reconciliation with Schedule H for Individual, Group and Credit policies separately and in total for companies filing the Life, Accident and Health, Fraternal and Property/Casualty Annual Statement, and a reconciliation of these policies in total only with the specified exhibits of the Health Annual Statement for companies filing that statement.
4. This Exhibit should not include any data pertaining to double indemnity, waiver of premiums and other disability benefits embodied in life contracts.
5. Include membership charges, modal loadings, and policy fees, if any, with premiums earned (Column 1).

DEFINITIONS

Accident Only or AD&D

Policies that provide coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by or necessitated as a result of accident or specified kinds of accidents. Types of coverage include student accident, sports accident, travel accident, blanket accident, specific accident or accidental death and dismemberment (AD&D).

Administrative Services Only (ASO) and Administrative Services Contract (ASC)

An uninsured accident and health plan is where an administrator performs administrative services for a third party that is at risk, but has not issued an insurance policy. The health plan bears all of the insurance risk, and there is no possibility of loss or liability to the administrator caused by claims incurred related to the plan. Under an ASO plan, claims are paid from a bank account owned and funded directly by the uninsured plan sponsor; or, claims are paid from a bank account owned by the administrator, but only after receiving funds from the plan sponsor that are adequate to fully cover the claim payments. Under an ASC plan, the administrator pays claims from its own bank accounts, and only subsequently receives reimbursement from the plan sponsor.

Comprehensive/Major Medical

Policies that provide fully insured indemnity, HMO, PPO, or Fee for Service coverage for hospital, medical, and surgical expenses. This category excludes Short Term Medical Insurance, the Federal Employees Health Benefit Program and non-comprehensive coverage such as basic hospital only, medical only, hospital confinement indemnity, surgical, outpatient indemnity, specified disease, intensive care, and organ and tissue transplant coverage as well as any other coverage described in the other categories of this exhibit.

Group business is further segmented under this category as follows (please note there is a separate category for Administrative Services Only/Administrative Services Contract business):

Single Employer:

Group policies issued to one employer for the benefit of its employees. This would include affiliated companies that have common ownership.

Small Employer: Group policies issued to single employers that are subject to the definition of Small Employer business, when so defined, in the group's state of situs.

Other Employer: Group policies issued to single employers that are not defined as Small Employer business.

Multiple Employer Associations and Trusts:

Group policies that are issued to an association or to a trust. This category also includes policies issued to one or more trustees of a fund established or adopted by two or more employers, or by one or more labor unions or similar employee organizations. The organizations include those that are exempt and also those that are non-exempt from state-wide community rating. This category does not exclude policies providing coverage to employees of small employers, as defined in the employer's state of situs.

Other Associations and Discretionary:

Trusts: Group policies issued to associations and trusts that are not included in the Small Employer, Other Employer or Multiple Employer Associations and Trusts group categories. This category does not exclude insurance providing coverage to employees of small employers, as defined in the employer's state of situs. This category does include blanket and franchise accident and sickness insurance, and insurance for any group that includes members other than employees, such as an association that has both employees of participating employers and also individuals as members.

Other Comprehensive/Major Medical:

Group policies providing comprehensive or major medical benefits that are not included in any of the categories listed above.

Contract Reserves

Reserves set up when, due to the gross premium structure, the future benefits exceed the future net premium. Contract reserves are in addition to claim and premium reserves.

Credit

Individual or group policies that provide benefits to a debtor for full or partial repayment of debt associated with a specific loan or other credit transaction upon disability or involuntary unemployment of debtor, except in connection with first mortgage loans. In some states, involuntary unemployment credit insurance is not included in health insurance. This category should not include that type of credit insurance in those states.

Dental

Policies providing only dental treatment benefits such as routine dental examinations, preventive dental work, and dental procedures needed to treat tooth decay and diseases of the teeth and jaw. If dental benefits are part of a comprehensive medical plan, then include data under comprehensive/major medical category.

Disability Income – Long-Term

Policies that provide a weekly or monthly income benefit for more than five years for individual coverage and more than one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide Overhead Expense Benefits. Does not include credit disability.

Disability Income – Short-Term

Policies that provide a weekly or monthly income benefit for up to five years for individual coverage and up to one year for group coverage for full or partial disability arising from accident and/or sickness. Include policies that provide Overhead Expense Benefits. Does not include credit disability.

Federal Employees Health Benefits Program (FEHBP)

Coverage provided to Federal employees, retirees and their survivors and administered by the Office of Personnel Management.

Group Business

Health insurance where the policy is issued to employers, associations, trusts, or other groups covering employees or members and/or their dependents, to whom a certificate of coverage may be provided.

Individual Business

Health insurance where the policy is issued to an individual covering the individual and/or their dependents in the individual market. This includes conversions from group policies.

Limited Benefit

Policies that provide coverage for vision, prescription drug, and/or any other single service plan or program. Also include short-term care policies that provide coverage for less than one year for medical and other services provided in a setting other than an acute care unit of the hospital.

Long-Term Care

Policies that provide coverage for not less than one year for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital, including policies that provide benefits for cognitive impairment or loss of functional capacity. This includes policies providing only nursing home care, home health care, community based care, or any combination. Do not include coverage provided under comprehensive/major medical policies, Medicare Advantage, or for accelerated death benefit-type products.

Medicaid

Policies issued in association with the Federal/State entitlement program created by Title XIX of the Social Security Act of 1965 that pays for medical assistance for certain individuals and families with low incomes and resources.

Medicare

Policies issued as Medicare Advantage Plans providing Medicare benefits to Medicare eligible beneficiaries created by Title XVIII of the Social Security Act of 1965. This includes Medicare Managed Care Plans (i.e., HMO and PPO) and Medicare Private Fee-for-Service Plans. This also includes all Medicare Part D Prescription Drug Coverage through a Medicare Advantage product and whether sold directly to an individual or through a group.

Medicare Part D – Stand-Alone

Stand-alone Part D coverage written through individual contracts; stand-alone Part D coverage written through group contracts and certificates; and Part D coverage written on employer groups where the reporting entity is responsible for reporting claims to the Centers for Medicare & Medicaid Services (CMS).

Medicare Supplement

Policies that qualify as Medicare Supplement policy forms as defined in the NAIC Medicare Supplement Insurance Minimum Standards Model Act. This includes standardized plans, pre-standardized plans and Medicare select.

Other Business

Any business that is not included in the Individual Business or Group Business listed above, including credit insurance, stop loss/excess loss, administrative services only and administrative services contract.

Other Group Business

Group policies providing health insurance benefits that are not included in any other group business category of this exhibit should be reported as other group business.

Other Individual Business

Individual policies providing health insurance benefits that are not included in any other individual business category of this exhibit should be reported as other individual business.

Other Medical (Non-Comprehensive)

Policies such as hospital only, hospital confinement, surgical or patient indemnity, intensive care, mental health/substance abuse, and organ and tissue transplant (including scheduled type policies), etc. Expense reimbursement and indemnity plans should be included. This category does not include TRICARE/CHAMPUS Supplement, Medicare Supplement, or Federal Employee Health Benefit Program coverage.

Short-Term Medical

Policies that provide major medical coverage for a short period of time, typically 30 to 180 days. These policies may be renewable for multiple periods.

Specified/Named Disease

Policies that provide benefits only for the diagnosis and/or treatment of a specifically named disease or diseases. Benefits can be paid as expense incurred, per diem or as a principal sum.

State Children's Health Insurance Program

Policies issued in association with the Federal/State partnership created by Title XXI of the Social Security Act.

Stop Loss/Excess Loss

Individual or group policies providing coverage to a health plan, a self-insured employer plan, or a medical provider providing coverage to insure against the risk that any one claim or an entire plan's losses will exceed a specified dollar amount.

Student

Policies that cover students for both accident and health benefits while they are enrolled and attending school or college. These can be either individual policies or group policies sponsored by the school or college.

TRICARE

Policies issued in association with the Department of Defense's health care program for active-duty military, active-duty service families, retirees and their families, and other beneficiaries.

CROSS REFERENCES AND OTHER INSTRUCTIONS

The Exhibit

Column 1 – Premiums Earned

Fractional premium loadings and policy fees must be included in the Earned Premiums.

The Policy Experience Exhibit requires that the Premiums Earned should be on a direct basis such that the grand total reported should equal:

A. Premiums Written During the Year

Underwriting and Investment Exhibit, Part 1, Line 9, Column 1.

B. Minus the Increase in Premium Reserves on Direct Business Only, Included in:

1. Unearned Premium Reserve

Underwriting and Investment Exhibit Part 2D, Line 1, Column 1.

2. Reserves for Rate Credits or Experience Rating Refunds

Underwriting and Investment Exhibit Part 2D, Line 4, Column 1.

Column 2 – Incurred Claims Amount

This column does not include the “Increase in Policy Reserves.”

The Policy Experience Exhibit requires that the Incurred Claims should be on a direct basis such that the grand total reported should equal:

A. Incurred Claims

Underwriting and Investment Exhibit, Part 2, Line 12.1, Column 1 minus Column 10.

NOTE: This excludes payments for any administrative costs.

Column 3 – Change in Contract Reserves

The Policy Experience Exhibit requires that the change in contract reserves should be on a direct basis. This is the direct basis included in the sum of:

Line 2 Grand Total Individual, Group and Other Business of “D” Total Business should equal:

A. The Change in Additional Reserves

Underwriting and Investment Exhibit, Part 2D, Line 2, Column 1. Current year minus prior year.

B. Plus the Change in the Reserve for Future Contingent Benefits

Underwriting and Investment Exhibit, Part 2D, Line 3, Column 1. Current year minus prior year.

C. Less the Change in the Premium Deficiency Reserve

Footnote (a) Underwriting and Investment Exhibit Part 2D. Current year minus prior year.

- Column 4 – Loss Ratio
- This is the ratio of the Incurred Claims (Column 2) plus the Change in Contract Reserves (Column 3) to Earned Premiums (Column 1).
- Column 5 – Number of Policies or Certificates as of Dec. 31
- This is the number of individual policies or group certificates issued to individuals covered under a group policy in force as of December 31 of the reporting year. It is not the number of persons covered under individual policies or group certificates. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.
- Column 6 – Number of Covered Lives
- This is the total number of lives insured, including dependents, under individual policies and group certificates as of December 31 of the reporting year. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.
- Column 7 – Member Months
- The sum of total number of lives insured on a pre-specified day of each month of the reported year. Reasonable approximations are allowed when exact information is not administratively available to the reporting entity.

Not for Distribution

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

Medicare Supplement is defined as those forms which are qualified as Medicare Supplement under the Federal Certification Requirements or the NAIC Medicare Supplement Insurance Minimum Standards Model Act and Regulation, or that are filed under other state programs to satisfy separate form filing requirements for Medicare Supplement forms.

This exhibit should be completed on a direct basis and should include all Medicare Supplement insurance acquired through assumption of a block of business. In the event that a policyholder of the company relocates to another state, experience under that policy is to continue to be reported in the state in which the policy was originally issued. The nationwide aggregate earned premium on all Medicare supplement policies should be disclosed in the annual statement General Interrogatory related to Medicare Supplement insurance.

This exhibit is to be completed on a state basis.

In the event that a refiling of any state page is warranted, the amended page should be filed with the NAIC and with the state.

1. Experience on policies issued more than three years prior to the reporting year should be shown separately as indicated on the form. For example, for the reporting year ended December 31, 2017 (filed on March 1, 2018), experience on policies issued in 2014 and prior should be shown separately from that of policies issued in 2015 and later. For group insurance, the year of issue should be based on when the certificate was issued, if available. Otherwise, use the master policy year of issue.
2. Allocation of reserves on a state-by-state basis should rely on sound actuarial principles and be consistent as to methodology from year to year.
3. Include membership or policy fees, if any, with premiums earned.
4. Include mass marketed group insurance subject to individual loss ratio standards with individual.
5. Subtract dividends from premiums earned.
6. Do not adjust incurred claims nor premiums earned for changes in policy (additional) reserves.

DEFINITIONS

Column 1 – Compliance with OBRA
Respond with “YES”, “NO” or “NA”, to indicate compliance with OBRA requirements.

Column 3 – Standardized Medicare Supplement Benefit Plan

Means the standard plans A-N as required by Section 9E of the Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act. This includes all plans identified as A-N issued prior to a state's revisions to its regulatory program and identified as a standard plan at the time of issue. Policies issued prior to the effective date of this state's revisions to its Medicare supplement regulatory program pursuant to the Omnibus Budget Reconciliation Act (OBRA) of 1990, and no longer offered in a state, should be designated with “P.” Policies not meeting either of these definitions should be designated with “O.” This includes policies issued in MN, MA, and WI (states that qualified for and received a waiver under federal law from the A-N requirements). A policy issued in these three states that did not require changes, as the result of modifications to the state regulatory program should be reported as “O.” All policies identified as “O” must be explained in Medicare Supplement General Interrogatory 4. Theoretically, a policy should never be identified as “O” except in those states receiving a waiver from the A-N requirements.

Column 5	– Plan Characteristics	<p>Means one or more of the following identifiers of the features of a policy or certificate form (all applicable identifiers must be shown).</p> <p>“1” Means inclusion of new or innovative benefits.</p> <p>“2” Means direct response solicited.</p> <p>“3” Means agent solicited.</p> <p>“4” Means underwritten policy or certificate.</p> <p>“5” Means the policy or certificate is guaranteed issued to all applicants.</p> <p>“6” Means the policy is offered to individuals eligible for Medicare by reason of disability.</p> <p>“7” Means the policy or certificate was assumed from another carrier.</p>
Column 6	– Date Approved	<p>Means the date the policy form was approved for sale in the state by the insurance department.</p>
Column 7	– Date Approval Withdrawn	<p>Means the date the policy form approval was withdrawn by the insurance department.</p>
Column 8	– Date Last Amended	<p>Means the date of approval of a rider or endorsement for this policy form. Do not reflect the date of optional riders added to an individual policy.</p>
Column 9	– Date Closed	<p>Means the date when the policy form is no longer actively marketed or offered for sale in this state.</p>
Column 10	– Policy Marketing Trade Name	<p>Means the title or name under which a policy is (was) marketed.</p>
Columns 12 & 16	– Incurred Claims	<p>Incurred claims equal paid claims plus the change in claim reserves. Claim reserves include only those unpaid liabilities for claims that have been incurred. Incurred claims in this exhibit do not include policy (additional) reserves.</p> <p>The sum of Columns 11 and 15, and the sum of Columns 12 and 16, Lines 0199999 and 0299999 for all states should equal the amounts disclosed in the General Interrogatories, Part 2, Line 1.2 minus Line 1.3 and Line 1.5, respectively.</p>
Columns 14 & 18	– Number of Covered Lives	<p>Means the number of individuals covered under the policy form as of December 31 of the reporting year.</p>

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.

Not for Distribution

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 effected 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% or more of the voting interests of the entity. See *SSAP No. 25—Affiliates and Other Related Parties* for the definition of control.

MEDICARE PART D COVERAGE SUPPLEMENT

NET OF REINSURANCE

The federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) created a prescription drug coverage, referred to as “Part D” coverage. This form is intended to capture information about the coverage net of reinsurance.

The form applies to the following **stand-alone** Medicare Part D coverage:

Stand-alone Part D coverage written through individual contracts;

Stand-alone Part D coverage written through group contracts and certificates; and

Part D coverage written on employer groups where the reporting entity is responsible for reporting claims to the Centers for Medicare & Medicaid Services (CMS).

The form does not apply to:

Part D coverage that is provided through a Medicare Advantage plan (referred to as MA-PD); and

Employer coverage that is part of the employer’s comprehensive medical coverage and where the reporting entity does **not** provide claim data directly to CMS including instances where the employer and the medical provider are one and the same but the administration and reporting to CMS is handled by a third party vendor.

The statutory accounting treatment of Medicare Part D coverage is addressed by Interpretation 05-05 in the *Accounting Practices and Procedures Manual* (INT 05-05). Although most of the coverage is treated as an insured plan, a portion is treated as uninsured. Refer to INT 05-05 for specifics of the accounting treatment, as well as for definitions of many of the capitalized terms used below.

Group “Uninsured” would be only the aspects of any group coverage for which the entity has federal payments that are to be considered “Uninsured” per INT 05-05, e.g., payments for low income subsidy (cost-sharing portion) and the group plan is an insured plan. Group coverage where the basic coverage is uninsured is not reported in this supplement.

Since a reporting entity may offer multiple prescription drug plans (PDPs) with varying benefits, it is possible for a portion of the entity’s coverage to be subject to reinsurance coverage and another portion to be part of the Part D Payment Demonstration, where no reinsurance coverage is provided. Where there is reinsurance coverage, the corresponding funds received or receivable are reported in Lines 12.1 through 12.3.

- Columns 1 – Individual Coverage Insured and
- Columns 2 – Individual Coverage Uninsured }
}

Report here the amounts for coverage written through individual contracts. Amounts treated as insured business pursuant to INT 05-05 should be reported in column 1. Amounts treated as uninsured business pursuant to INT 05-05 should be reported in column 2.

- Columns 3 – Group Coverage Insured and
- Columns 4 – Group Coverage Uninsured }
}

Report here the amounts for coverage written through group contracts and certificates, including coverage of employer groups as described above. Amounts treated as insured business pursuant to INT 05-05 should be reported in column 3. Amounts treated as uninsured business pursuant to INT 05-05 should be reported in column 4.

- Column 5 – Total Cash

Report here the totals of Columns 1 through 4 for the indicated lines. This column is intended to measure the cash flow impact of the Part D coverage on the reporting entity (i.e., including both insured and uninsured business).

- Line 1 – Premiums Collected
- Line 1.11 – Standard Coverage with Reinsurance Coverage
- Report the Beneficiary Premium (Standard Coverage Portion), Low-Income Subsidy (Premium Portion) and Direct Subsidy amounts received for PDPs that are subject to Reinsurance Coverage. These amounts represent the premium as approved by CMS (including the effect of the “health status risk adjustments”) for the Part D coverages that qualify as Standard Coverage. Note that the actual coverage does not have to be identical to the “standard coverage” as defined by the MMA, but may instead be coverage approved as actuarially equivalent by CMS.
- Line 1.12 – Standard Coverage without Reinsurance Coverage
- Report the Beneficiary Premium (Standard Coverage Portion), Low-Income Subsidy (Premium Portion), Direct Subsidy and Part D Payment Demonstration amounts received for PDPs that are not subject to Reinsurance Coverage. These amounts represent the premium as approved by CMS (including the effect of the “health status risk adjustments”) for the Part D coverages that qualify as Standard Coverage. Note that the actual coverage does not have to be identical to the “standard coverage” as defined by the MMA, but may instead be coverage approved as actuarially equivalent by CMS.
- Line 1.13 – Standard Coverage, Risk Corridor Payment Adjustments
- Report any amounts paid to or received from CMS as Risk Corridor Payment Adjustments (based on where actual loss experience falls within the various MMA-defined risk corridors). Amounts paid to CMS should be reported as negative amounts; amounts received from CMS should be reported as positive amounts.
- Line 1.2 – Supplemental Benefits
- Report all other premiums received for Part D coverage. These will be the additional premiums that the PDP requires participants to pay for Supplemental Benefits.
- Line 2 – Premiums Due and Uncollected – Change
- Exclude any receivable or payable for Risk Corridor Payment Adjustments, which should be reported on Lines 4.1 and 4.2. Note that, per the reference in INT 05-05 to SSAP No. 84, receivables from CMS are not subject to the 90-day rule for non-admission.
- Line 4 – Risk Corridor Payment Adjustments – Change
- The reporting entity will need to estimate the Risk Corridor Payment Adjustment that is receivable (Line 4.1) or payable (Line 4.2) at year-end for each PDP, consistent with the reported experience through year-end. The receivable or payable should exclude any amounts already settled in cash, which should be reported in Line 1.13. An increase in a receivable or a decrease in a payable should be reported as a positive amount; a decrease in a receivable or an increase in a payable should be reported as a negative amount.
- Line 5 – Earned Premiums
- Earned premium = Premiums Collected +
Change in Due and Uncollected –
Change in Unearned and Advance Premium +
Change in Risk Corridor Payment Adjustments Payable/Receivable.
- Note that Lines 5.11, 5.12, and 5.2 will exclude any amounts associated with the Risk Corridor Payment Adjustments, whereas Line 5.13 relates solely to the Risk Corridor Payment Adjustments.

- Line 6 – Total Premiums
Sum of Lines 5.11 through 5.2 (Columns 1 and 3) and Sum of Lines 1.11 through 1.2 (Column 5).
- Line 7 – Claims Paid
Follow similar rules as for premiums above.
- Line 8 – Claims Reserves and Liabilities – Change
Follow similar rules as for premiums above.
- Line 9 – Health Care Receivables – Change
For Lines 9.1 and 9.2, report the portion of Health Care Receivables (pharmacy rebates, loans to providers, etc.) that relate to the Part D coverage that is included in this supplement. This does not include any amounts receivable for the Risk Corridor Payment Adjustments, which are reported on Line 4.1.
- Line 10 – Claims Incurred
Claims Incurred = Claims Paid +
Change in Claim Reserves and Liabilities -
Change in Health Care Receivables
- Line 11 – Total Claims
Sum of Lines 10.11 through 10.2 (Columns 1 and 3) and Sum of Lines 7.11 through 7.2 (Column 5).
- Line 12 – Reinsurance Coverage and Low-Income Cost-Sharing
- Line 12.1 – Claims Paid Net of Reimbursements Applied
Report claims paid less amounts received for the following portions of any Part D coverage that is included in the supplement. These amounts are considered payments under an uninsured plan.
Low-Income Subsidy (Cost-Sharing Portion).
Reinsurance Coverage.
- Line 12.2 – Reimbursements Received but Not Applied – Change
Report the change during the year in the liability for amounts received from CMS that are in anticipation of future uninsured claim payments by the PDP sponsor.
- Line 12.3 – Reimbursements Receivable – Change
Report the change during the year for amounts due from CMS for uninsured claim payments already made by the PDP Sponsor. This will exclude amounts that are already reported on Line 12.2.
- Line 12.4 – Health Care Receivables – Change
Report any portion of Health Care Receivables (pharmacy rebates, loans to providers, etc.) that relate to uninsured Part D coverage that is included in this supplement.

Line 13 – Aggregate Policy Reserves – Change

Report the change during the year in any policy reserves, including any premium deficiency reserves, established for Part D coverage included in this supplement.

Line 14 – Expenses Paid and
Line 15 – Expenses Incurred }

Report the allocated expenses relating to Part D coverage included in this supplement. The allocated expenses will be treated as relating entirely to the insured portion, to avoid the necessity of a separate allocation to the uninsured portion.

Line 16 – Underwriting Gain or Loss

Line 6 – Line 11 – Line 13 – Line 15.

Line 17 – Cash Flow Result (Column 5 only)

Sum of Lines 1– sum of (Lines 7 – Line 12.1 + Line 12.2 – Line 14).

Not for Distribution

LONG-TERM CARE INSURANCE EXPERIENCE REPORTING FORMS 1 THROUGH 5

These reporting forms must be filed with the NAIC by April 1 each year.

The purpose of the Long-Term Care Insurance Experience Reporting Forms is to monitor the amount of such coverage and to provide data specific to this coverage on a nationwide basis. Long-term care expenses may be paid through life policies, annuity contracts and health contracts. When the long-term benefits portion of the contract is subject to rating rules based on the Long-Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio and premium rate increases), the adequacy of the pricing and reserve assumptions is critical to meeting the expectation of those sections.

For life or annuity products where no portion is subject to these rating rules, the products are not being included in the reporting in these forms. Companies may use an assumption that long-term care benefits that are “incidental” regardless of the date of issue, may be excluded. Incidental means that the value of long-term care benefits provided is less than ten percent (10%) of the total value of the benefits provided over the life of the policy (measured as of the date of issue). If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on Forms 1, 2 and 4.

Starting in 2009, these are entirely new forms (Forms 1, 2, 3, 4 and 5) replacing the prior forms (Forms A, B and C). The original forms monitored compliance with lifetime loss ratio standards. The new Form 1 focuses on the critical assumptions of morbidity and persistency while still presenting loss ratio data (without the level of detail in the original forms). As noted in the instructions specific to the form, prior-year values will be filled in over time. Only information as of 2009 and subsequent years is required on the forms, unless it was required on the previous Long-Term Care Insurance Experience Reporting Forms. Companies are not required to supply information for years on the forms corresponding to any year prior to adoption of the forms, unless that information was previously reported. The new Form 2 focuses on the developing level of funds from the issue age premium basis and compares this to the reserve in reserve. As noted in the instructions specific to the form, prior-year values will be filled in over time. For 2009, the current year was completed using the 2008 year-end contract reserve as the beginning experience fund. The new Form 3 focuses on the adequacy of claims reserves by presenting experience based on incurred year over the next several years. Because prior-year values should already be available; this form should be completed for at least the current and past four years. If available, all prior years should be completed. The new Form 4 is to include life and annuity products that are not exempt as outlined in the Long-Term Care Insurance Model Regulation. The new Form 5, which replaces the LTC experience Form C, requires information at the state level. In addition to the considerable changes in the structure and purpose of the forms, the new forms are based on adding additional calendar years of experience to prior results. To more appropriately compare the actual results with expectations, the expected values are based on the exposure at the beginning of that year, not the original assumed sales distribution used when completing the original forms.

Because of the relatively small claim rates and variable length and size of long-term care claims, the statistical credibility of long-term care insurance experience is lower than the amount of credibility assigned to similar amounts of experience on other types of health insurance. This should be taken into account when reviewing experience and assessing the adequacy of reserves and the critical assumptions underlying them.

The Long-Term Care Insurance Experience Reporting Forms 1 through 5 should be filed whenever long-term care insurance has been sold, regardless of which annual statement has been filed. These forms are not only applicable to companies filing the life, accident and health annual statement. The list of the various annual statements is: life, accident and health, property/casualty, fraternal and health.

Include under the Individual portion both Individual policies and Group certificates if the group is approved by the state under statutes similar to Section 4E(4) of the Long-Term Care Insurance Model Act. Include under the Group portion group certificates if the group is approved by the state under statutes similar to Section 4E(1), (2) or (3) of the model act.

Experience for LTC insurance should be reported separately by stand-alone LTC policy form or by rider where experience is to be reported by form. Reporting by rider is applicable only to riders having distinct premiums for LTC coverage that are attached to products other than stand-alone LTC policies. Experience under forms that provide substantially similar coverage and provisions, that are issued to substantially similar risk classes and that are issued under similar underwriting standards, may be combined. If this option is utilized, the forms combined should be identified in the column captioned "Policy Form."

Claims incurred will need to reflect the loss of future premiums. These will occur because of the waiver of premium provision in the contract, waiver due to spouse's benefit status or other provisions in the contract that make it paid-up or not subject to collection of additional premiums for some future period. The claim incurred in each year will include the amount of the reserve established to reflect the loss of future expected premiums. The effect in future years will depend on the manner in which premiums from these policies are reported in following periods. If the assumption is that the policy is paid-up (no future premiums to be collected), the reserve and experience fund would be the paid-up value and future incurred claims will be only for LTC benefits. If the assumption is that future premiums (gross or net) will be considered as "paid by waiver," the reserve and experience fund will include in the reserve the present value of future premiums to be waived and the premium waived will be reported as both earned premium and a portion of the incurred claims.

Not for Distribution

INSTRUCTIONS FOR FORM 1

OVERVIEW

Long-Term Care Insurance Experience Reporting Form 1 is intended to track actual claims and persistency against expected on a nationwide basis. Certain group business is reported separately from individual and some group business. (See Section 4(E) of the Long-Term Care Insurance Model Act.) Policy forms are grouped into three categories: comprehensive, institutional only or non-institutional. Yearly and cumulative comparisons are exhibited. Even though only policy form groupings are displayed, policy form level information should be kept. It may facilitate rating reviews by the regulators. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.

DEFINITIONS AND FORMULAS

Comprehensive

Policy forms that provide a combination of institutional or facility and non-institutional coverage. These include institutional only policies with non-institutional riders.

Institutional Only

Policy forms that provide institutional coverage only.

Non-Institutional Only

Policy forms that provide only non-institutional coverage.

Current

Current calendar year of reporting.

Example: For a specific policy form category, the first year of issue was 2001. This Form 1 is required starting for the year 2009 and the reporting year is 2011. The current year would be 2011.

Prior

The year immediately prior to the year of reporting.

Example: 2010

2nd Prior

Two years prior to the year of reporting.

Example: 2009

3rd Prior

Three years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

4th Prior

Four years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

5th Prior

Five years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Form Inception-to-Date

Aggregate experience data since the adoption of this Form 1.

Example: Data from 2009 through 2011.

Actual and expected in force counts are sums of counts for all years since adoption of Form 1.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Example: Data from 2001 through 2011.

Column 1 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Life, Accident & Health, Fraternal and Property/Casualty Only

Total earned premium should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2.

Column 2 – Incurred Claims

- If i_y = Incurred year
- T = Report year – incurred year
- V = Discount rate
- ${}_t\text{Paid Claims}_{i_y}$ = Paid claims during claim duration t from claims incurred in year i_y , $t = 0, 1, 2, 3, \dots T$
- ${}_T\text{Case Reserve}_{i_y}$ = Case reserve at end of report year from claims incurred in i_y

Incurred claims for incurred year i_y :

For $T=0$

$${}_0\text{Paid Claims}_{i_y} \times v^{1/4} + {}_0\text{Case Reserve}_{i_y} \times v^{1/2} + {}_0\text{IBNR}_{i_y} \times v^{1/2}.$$

For $T>0$

$${}_0\text{Paid Claims}_{i_y} \times v^{1/4} + {}_1\text{Paid Claims}_{i_y} \times v^1 + {}_2\text{Paid Claims}_{i_y} \times v^2 + \dots + {}_T\text{Paid Claims}_{i_y} \times v^T + {}_T\text{Case Reserve}_{i_y} \times v^{T+1/2} + ({}_T\text{IBNR}_{i_y} \times v^{T+1/2})$$

This is the developed claim amounts for claims incurred during the specific calendar year. For each claim, the incurred claim equals the present values of all claim payments and the present value of any outstanding case reserve. This will be different from the reported financial incurred claims. The financial incurred claims, including the change in claim reserves that contains gain or loss due to reserve estimation different from actual payments for claims incurred in prior years.

For purposes of the present value calculation, assume all payments are made in the middle of the calendar year and the case reserve is at the end of the calendar year. The discount rate is the statutory valuation interest rate for case reserve. For the current calendar year, an Incurred But Not Reported (IBNR) reserve should be assigned. If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the direct liability attributable to long-term care business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.

The incurred claims should be consistent with the claims exhibited on Form 3.

Column 3 – Valuation Expected Incurred Claims

The expected claim cost for an individual covered under a policy in force¹ at the beginning of the calendar year based on statutory active life reserve morbidity assumption. This is the interpolation of successive policy year expected claim costs for all coverages in force at the beginning of the year. Simple averaging is acceptable.

An acceptable approximation is the expected claim cost multiplied by an exposure adjustment, where expected claim cost is the sum of claim costs during the year based on the valuation morbidity assumption of each life in force at the beginning of the year. The valuation claim cost during the year is an interpolation of successive claim costs by policy year. Other approximations may also be acceptable. Any changes in method should be disclosed on the form.

The exposure adjustment is:

$$\frac{[\text{Actual Number of Lives In Force at Beginning of Year} - (\text{Expected Deaths} + \text{Expected Lapses}) \div 2]}{\text{Actual Number of Lives In Force at Beginning of Year}}$$

where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses, or specific decrement rates applying to actual exposures. If there is no in force at the beginning of the year, the expected claim cost can be zero.

Column 4 – Actual vs. Expected Incurred Claims

Actual incurred claims as a percentage of valuation expected incurred claims.

Column 5 – Open Claim Count

Number of claims that have at least one benefit payment made during the year after the elimination period. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. Examples are payments of caregiver training benefits and optional care coordination benefits. For these examples, if the amounts paid are included as benefits under the policy, they should be included in the claim amounts but excluded from the claim counts. A claim should be included in the count, even though it has terminated by the end of the year.

¹ If active life reserves are not held for claimants, then exclude the claimants.

- Column 6 – New Claim Count
- Number of claims that have at least one benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A new claim should be included in the count even though it has terminated by the end of the year.
- Column 7 – Lives In Force End of Year
- Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives.
- Column 8 – Expected Lives In Force End of Year
- Expected number of lives in force at the end of the year:
- $$\text{Actual Number of Lives In Force at Beginning of Year} + \text{New Issue Lives} - \text{Expected Deaths} - \text{Expected Lapses},$$
- where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses or specific decrement rates applying to actual exposures. Joint policies should be counted by number of lives.
- Column 9 – Actual to Expected Lives In Force
- Actual number of lives in force as a percentage of expected number of lives in force at the end of the year.

NOTES

- Form 1 applies to direct business only.
- Prior years' figures, except for incurred claims, should be the same as the figures from prior years' Form 1.
- Form Inception-to-Date figures, except for incurred claims, should be the corresponding figures from prior-year Form 1 plus the figures for the current year. No interest discounting is required to determine Form Inception-to-Date and Total Inception-to-Date figures.
- If Incurred But Not Reported reserves must be allocated by policy form, the allocation should be based on paid claims and change in cash reserves.
- Use the valuation assumptions corresponding to the current reserves being held. They are not necessarily the original reserve assumptions if strengthening or release of reserves has been made in the past. The assumptions for each year should be applied to the actual in-force (age, gender, plan distribution), not the distribution originally expected or issued.
- An insurance company may use more refined methods in determining the required information than those described in the definitions and instructions. Methods must be consistent from report year to report year.

INSTRUCTIONS FOR FORM 2

OVERVIEW

The purpose of Form 2 is to calculate a ratio of an experience reserve to the reported reserve by calendar year on a nationwide basis. Summary data by policy form is to be reported. Data for the current reporting year, as well as that reported in each of the prior two reporting years, is to be shown on Form 2.

The following formulae specify data by calendar duration (t) and calendar year of issue (n). Data at this detail is required for the calculation of the experience reserve, although only totals by policy form are illustrated. Experience data is notated by a superscript E to distinguish from valuation assumptions. The experience reserve reported in column 13 is developed from 1) the experience reserve at the end of the prior reporting year (t-1); 2) valuation net premiums and interest rates; and 3) experience incurred claims, earned premiums, and actual persistency. The valuation net premiums used are the actual net premiums used for that reporting year. *As an example, if a factor file method is used, the valuation net premiums used to calculate the reserve factors would be used for Form 2.*

For 2009, the experience reserve (column 13) was calculated using the reported reserve as of the end of 2008 as the prior year's reserve. Similarly, for acquired business, the experience reserve as of the year-end following acquisition is set equal to the reported reserve as of that date. The experience reserve as of subsequent periods is developed from the first experience reserve reported in this form. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.

Experience and valuation data are reported by base policy form. Rider forms will be reported with the base forms to which they are attached.

Only summary data by reporting year is illustrated. *The reporting company should have detail by calendar duration available upon request.*

DEFINITIONS AND FORMULAS

Column 3 – Last Year Issue

For closed blocks of business, report the last year a policy was issued for the policy form. For open blocks of business, leave blank.

Column 4 – Earned Premiums

${}_tEP_n$ = The direct earned premium in calendar duration t for all business of Calendar Year of Issue (CYI) n. Include earned premiums only for the reporting year. Total direct earned premiums should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2 for life, accident & health, fraternal and property/casualty only.

Column 5 – Incurred Claims

${}_tIC_n$ = The experience incurred claims of all business of CYI n in calendar duration t for the reporting year.

${}_tIC_n^E$ = $[_t(\text{Paid Claims})_n] + [_tCLiab_n^E \times (1+i_n)^{-1/2} - ({}_{t-1}CLiab_n^E) \times (1+i_n)^{1/2}]$

Where:

${}_t(\text{Paid Claims})_n$ = The paid claims of all business of CYI n in calendar duration t for the reporting year. Paid claims is the total direct paid claims for LTC business from Exhibit 8, Part 2, Line 1.1 for life, accident & health and fraternal only.

i_n = The valuation interest rate for CYI n.

${}_t\text{CLiab}_n^E$ = The claim liability of all business of CYI n in calendar duration t for the reporting year. ${}_t\text{CLiab}_n^E$ is the portion of the total direct claim liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health, and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.

${}_{t-1}\text{CLiab}_n^E$ = The claim liability of all business of CYI n in calendar duration t-1 for the prior reporting year. ${}_{t-1}\text{CLiab}_n^E$ is the total direct claim liability for LTC business from Exhibit 8, Part 2, Line 4.1 (life, accident & health and fraternal) of the current year's annual statement plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business on the prior year's annual statement for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that were incurred but not paid at the prior year-end, both reported and not reported.

Column 6 – Loss Ratio

${}_t\text{LR}_n$ = The incurred claims loss ratio in calendar duration t for all business of CYI n.

${}_t\text{LR}_n$ = ${}_t\text{IC}_n^E / {}_t\text{EP}_n$

Column 6 = Column 5 / Column 4 x 100

Column 7 – Annual Net Premium/Annual Gross Premium

The ratio of annual net premium to annualized gross premium.

Annual Net Premium = \sum (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t). Companies may report zero (0) for net premiums during the Preliminary Term period.

Annual Gross Premium = \sum (Annualized Premium In Force, including mode loadings for policies issued in calendar year n at the start of calendar duration t).

For calendar duration 0, the net premiums and gross premiums at issue should be used.

Column 8 – Current Year Net Premiums

${}_t\text{P}_n$ The annual valuation net premium for all business of CYI n in calendar duration t.

${}_t\text{P}_n$ = ${}_t\text{EP}_n \times \sum$ (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t) / \sum (Annualized Premium In Force for policies issued in calendar year n at the start of calendar duration t). At the detail level of CYI n and calendar duration t, Column 8 = Column 4 x Column 7.

Column 9 – In Force Count Beginning of Year

${}_{t-1}\text{IF}_n$ = The in force count in calendar duration t-1 for all business of CYI n at the end of the calendar year preceding the reporting year. In force Count Beginning of Years should equal in force end of prior year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 1) for LTC business for life, accident & health and fraternal only.

Column 10 – New Issues Current Year

The new issues count during the reporting year. New Issues Current Year should equal issued during year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 2) for LTC business for life, accident & health and fraternal only.

Column 11 – In Force Count End of Year

${}_tIF_n$ = The in force count in calendar duration t for all business of CYI n at the end of the reporting year. In Force Count End of Years should equal in force end of year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 9) for LTC business for life, accident & health and fraternal only.

Column 12 – Persistency Rate

$(\text{Column 11} - .5 \times \text{Column 10}) / (\text{Column 9} + .5 \times \text{Column 10})$

Column 13 – Experience Policy Reserves

${}_tV_n^E = [({}_{t-1}V_n^E) + {}_tP_n] \times (1 + i_n) - {}_tIC_n^E \times (1 + i_n)^{1/2}$

Where:

${}_tV_n^E$ = The experience reserve as of the end of the reporting year for calendar duration t, and CYI n.

${}_{t-1}V_n^E$ = The experience reserve as of the end of the prior reporting year for calendar duration t-1, and CYI n. For the first filing of this form, the experience reserve as of the second prior year is set equal to the reported reserve as of that date.

${}_tP_n$ = The annual valuation net premium for all business of CYI n in calendar duration t. The total for the reporting year is the amount reported in Column (8).

i_n = The valuation interest rate for CYI n.

${}_tIC_n^E$ = The experience incurred claims for all business of CYI n in calendar duration t. The total amount for the reporting year is reported in Column (5).

Column 14 – Reported Policy Reserve

The amount reported in annual statement Exhibit 6, Line 2 for life, accident & health and fraternal only.

Column 15 – Experience Reported Ratio

$\text{Column 15} = \text{Column 13} / \text{Column 14} \times 100$

Section C – Summary

Line 1 – Total Current - Individual = Sum of each Section A, Line 1 (all policy forms)
Line 2 – Total Prior - Individual = Sum of each Section A, Line 2 (all policy forms)
Line 3 – Total 2nd Prior - Individual = Sum of each Section A, Line 3 (all policy forms)
Line 4 – Total Current - Group = Sum of each Section B, Line 1 (all policy forms)
Line 5 – Total Prior - Group = Sum of each Section B, Line 2 (all policy forms)
Line 6 – Total 2nd Prior - Group = Sum of each Section B, Line 3 (all policy forms)
Line 7 – Current Year Total = Section C, Line 1 + Section C, Line 4

INSTRUCTIONS FOR FORM 3

The purpose of this form is to test the adequacy of reserves held on long-term care policies. This form allows for the development of a seven-year trend of losses incurred by a specific year group of claimants. This form is to be prepared on a nationwide basis.

Report all dollar amounts in thousands (\$000 omitted).

Part 1 – Total Amount Paid Policyholders

Show paid claims by year paid and year incurred. Claims are on a direct basis, including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Column 1.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year

This section provides a claim cost development overview to show the adequacy of claim reserves for a particular incurral year at the end of that year and at the end of subsequent years. The entry in Line X and Column Y is the cumulative claims incurred during year X and paid through the end of year Y for claims incurred in year X, plus the reserve at the end of year Y for claims incurred in year X.

Claims are on a direct basis including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Line 1, Columns 1 through 8.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 3 – Transferred Reserves

Claim reserves for *transfer claims (acquired or sold)* are shown here, by claim incurred year, starting from the year of transfer. For sold business, the entries are positive. For acquired business, the entries are negative. For years after the transfer year, the reserves are increased with interest.

Claim reserves for the buyer are the reserves initially set by the buyer, not necessarily equal to the reserves for the seller.

Part 4 – Present Value of Incurred Claims (Interest Adjusted Development of Incurred Claims)

Because claim reserves for long-duration claims are generally discounted, the year-to-year comparison in Part 2 is misleading to the extent interest income on claim reserves is material. To show consistent values; paid claims; transferred reserves and claim reserves are discounted to a common point in time (assumed to be July 1 of the incurred year).

- Paid claims in the year of incurral are discounted one-quarter year.
- Paid claims subsequent to the year of incurral are assumed to be paid mid-year and discounted back to the midpoint of the incurred year.
- Outstanding claim reserves for a given incurred year plus transferred reserves from Part 3 are discounted from the valuation date to the midpoint of the incurred year.
- Negative results are possible for acquired business only. Negative results indicate downward development of ultimate claims.

If	i_y	=	Incurred year
	T	=	Report year – incurred year
	v	=	Discount rate
	${}_t\text{Paid Claims}_{i_y}$	=	Paid claims during current or prior calendar year t from claims incurred in year i_y
	${}_t\text{Case Reserve}_{i_y}$	=	Case reserve at end of calendar year t from claims incurred in i_y
	${}_t\text{Transferred Reserve}_{i_y}$	=	Transferred reserve at end of calendar year t from claims incurred in i_y and
	t	=	$i_y, i_y+1, i_y+2, \dots, i_y + T$

then the Present Value of Incurred Claims for incurred year i_y :

For $T=0$

$${}_i\text{Paid Claims}_{i_y} \times v^{1/4} + {}_i\text{Case Reserve}_{i_y} \times v^{1/2} + {}_i\text{IBNR}_{i_y} \times v^{1/2} + {}_i\text{Transferred Reserve}_{i_y} \times v^{1/2}$$

For $T>0$

$${}_i\text{Paid Claims}_{i_y} \times v^{1/4} + {}_{i_y+1}\text{Paid Claims}_{i_y} \times v^1 + {}_{i_y+2}\text{Paid Claims}_{i_y} \times v^2 + \dots + {}_{i_y+T}\text{Paid Claims}_{i_y} \times v^T + {}_{i_y+T}\text{Case Reserve}_{i_y} \times v^{T+1/2} + ({}_{i_y+T}\text{IBNR}_{i_y} \times v^{T+1/2}) + {}_{i_y+T}\text{Transferred Reserve}_{i_y} \times v^{T+1/2}$$

If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the total direct liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that are incurred but not yet paid, both reported and not reported.

Not for Distribution

INSTRUCTIONS FOR FORM 4

OVERVIEW

Long-Term Care Insurance Experience Reporting Form 4 is intended to track life insurance and annuity products that have long-term care benefits provided by acceleration of certain benefits within these products. Include only the products that are not exempt as outlined in the Long-Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio, and premium rate increases also defined as “incidental” at the beginning of these experience forms instructions). This form is not to include stand-alone LTC products. Individual and group business is separated in this form.

DEFINITIONS AND FORMULAS

Current

Current calendar year of reporting.

Example: For a specific policy form category, the first year of issue was 2001. This Form 4 is required starting for the year 2009 and the reporting year is 2010. The current year would be 2010.

Prior

The year immediately prior to the year of reporting.

Example: 2009

2nd Prior

Two years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Example: Data from 2001 through 2009

- Column 1 – Number of Policies In Force
The total number of policies in force as of end of calendar year.
- Column 2 – Number of Certificates
The total number of certificates as of end of calendar year.
- Column 3 – Death Claims
The total number of death claims for a calendar year.
- Column 4 – Long-Term Care Accelerated Claims
The total number of long-term care accelerated claims for a calendar year. Only the long-term claims that have been triggered due to acceleration should be totaled.
- Column 5 – Total Reserves
The total amount of non-claim reserves for these life insurance or annuity products.

INSTRUCTIONS FOR FORM 5

OVERVIEW

For long-term care insurance reported in the Long-Term Care Insurance Experience Reporting Form 1, Form 2 and Form 3, these lines are the state's portion of the earned premium, incurred claims and number of in force count of lives at end of the year. A schedule must be prepared for each jurisdiction in which the company has long-term care direct earned premiums and/or has direct incurred claims. In addition, a schedule must be prepared that contains the grand total (GT) for the company.

DEFINITIONS AND FORMULAS

Policy forms should be grouped by individual and group and reported on Lines 1 and 2, respectively. The subtotals for these two classes (i.e., individual and group) must be provided. Line 3 is the sum of Lines 1 and 2.

Column 1 – Earned Premiums

Earned premiums reported should be the state amount that is included in the current year of Form 2, Part C, Column 4.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 4, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 4, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 4, Line 7.

For Line 4 "Actual total reported experience through prior year", the amount will be Line 5 from the previous year's report.

For Line 5 "Actual total reported experience through statement year": should be the state's allocated earned premium for the current year (as reported on Line 3) added to the state's cumulative experience through prior year (as reported on Line 4).

Column 2 – Incurred Claims

Incurred claims reported should be the state amount that is included in the current year of Form 2, Part C, Column 5. Incurred claims should be paid claims in the state plus a reasonable allocation of claim reserves less the reported allocated portion of the prior year's claim reserve. The allocation method should be consistent from year-to-year when estimating reserves for each state.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 5, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 5, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 5, Line 7.

For Line 4 "Actual total reported experience through prior year", the amount will be Line 5 from the previous year's form.

For Line 5 "Actual total reported experience through statement year": This should be the state's allocated incurred claims for the current year (as reported on Line 3) added to the state's cumulative experience through prior year (as reported on Line 4).

Column 3 – In Force Count End of Year

The In Force Count End of Year should be the state total used in calculating the In Force Count End of Year in Form 2, Part C, Column 11.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 11, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 11, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 11, Line 7.

Column 4 – Lives In force End of Year

Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives. Once the state forms are completed, the Lives In force End of Year for all states (Grand Total State Page) LTC Form 5, Column 4, Line 01 should equal LTC Form 1, Column 7, Line A01 + A09 + A17 and Form 5, Line 02 should equal Form 1, Line B01 + B09 + B17. The number of lives for each state for individual policies should be based on the policies that were issued in that state. The number of lives for each state in group policies should be based on the certificates that were issued in that state.

Not for Distribution

SUPPLEMENTAL HEALTH CARE EXHIBIT – PARTS 1, 2 AND 3

The purpose of this supplemental exhibit is to assist state and federal regulators in identifying and defining elements that make up the medical loss ratio as described in Section 2718(b) of the Public Health Service Act (PHSA) and for purposes of submitting a report to the HHS Secretary, as required by Section 2718(a) of the PHSA. The supplemental exhibit is also intended to track and compare financial results of health care business as reported in the annual financial statements. Thus, the numbers included in this supplemental exhibit are not the exact numbers that will be utilized for rebate purposes due to possible revisions for claim reserve run-off subsequent to year-end, statistical credibility concerns and other defined adjustments. (See Cautionary Statement at www.naic.org/cnte_e_app_blanks.htm.)

A schedule must be prepared and submitted for each jurisdiction in which the company has written direct comprehensive major medical health business, or has direct amounts paid, incurred or unpaid for provisions of health care services. In addition, a schedule must be prepared and submitted that contains the grand total (GT) for the company. However, insurers that have no business that would be included in Columns 1 through 9 or 12 of Part 1 for ANY of the states are not required to complete this supplement at all. If an insurer is required to file the supplement, then the insurer must complete Parts 1 and 2 for each state in which the insurer has any health business, even if a particular state will show \$0 earned premiums reported in Columns 1 through 9 or 12 of Part 1. Also, Part 3 must be completed for any state in which there are non-zero amounts in Columns 1 through 9 of Part 1. Companies should contact their domiciliary regulator to obtain a waiver of the filing if the only reportable business in Columns 1 through 9 are comprised of closed blocks of small group, large group or individual business that, if totaled across all states, does not equal 1,000 lives in total.

Run-Off and Reinsurance Business

Similarly, insurers in run-off (major medical claims incurred with zero major medical earned premiums) or that only has assumed and no direct written major medical business in any of the states are not required to complete this supplement. However, 100% assumption reinsurance with novation (or 100% indemnity reinsurance for administration of a block of business entered into prior to March 23, 2010 – see HHS Reg. 158.150 (a)(3)) is treated as direct business for purposes of this supplement (included as direct business for the assuming reinsurer and excluded from direct business for the ceding insurer). Otherwise, the reinsurance data required in this supplement is only for use if an insurer writes direct major medical business and also assumes and/or cedes such insurance.

If an insurer has direct earned premiums to include in Columns 1 through 9 or 12 of Part 1, but also has some business in run-off (major medical claims incurred for 2017 policy year and prior, with zero major medical earned premiums or no coverage in place), the run-off claims and expenses results should be reported in Part 1, Columns 1 through 9 or 12. (If an insurer files the supplement and has a state in which the only Columns 1 through 9 or 12 business is run-off business as defined above, the insurer can report the run-off business for that state as if it was other health business; i.e., because the MLR is meaningless for that state, report zero for Columns 1 through 9 or 12 and include the run-off business along with any other health insurance reported in the Other Health Business columns of Parts 1 and 2.)

The allocation of premium and claims between jurisdictions should be based upon situs of the contract. For purpose of this exhibit, situs of the contract is defined as “the jurisdiction in which the contract is issued or delivered as stated in the contract.” For individual business sold through an association, the allocation shall be based on the issue state of the certificate of coverage. When the association is made up of employers, it should be reported as large group or small group depending on the size of each employer. For employer business issued through a group trust, the allocation shall be based on the location of each employer. For employer business issued through a multiple employer welfare association the allocation should be based on the location of each employer.

Include only in this schedule the business issued by this reporting entity. Business that is written by an unaffiliated entity as part of a package provided to the consumer (e.g., inpatient written by this legal entity, outpatient written by unaffiliated separate entity) should not be included in this exhibit. Similarly, business written by an affiliated legal entity as part of a package provided as an option to the group employer (e.g., out of network coverage written by an affiliated entity and in-network coverage written via this legal entity) should not be included in this exhibit.

Comprehensive health coverage, Columns 1 through 3, includes business that provides for medical coverages including hospital, surgical and major medical. Include risk contracts and Federal Employees Health Benefit Plan (FEHBP), stand-alone plan and any other comprehensive plan addressed in PPACA and not excluded. Exclude mini-med plans, expatriate plans and student health plans, as these are reported in Columns 4 through 9. Stand-alone plans (e.g., stand-alone pharmacy) excluding Medicare Part D stand-alone addressed in PPACA and not excluded should be reported in the appropriate column that corresponds to the details of the plan.

Do not include business specifically identified in other columns (e.g., uninsured business, Medicare Title XVIII, Medicaid Title XIX, vision only, dental only business, Insurance Program (SCHIP), Medicaid Program Title XXI risk contracts and short-term limited duration insurance). Stop-loss coverage for self-insured groups should be reported in Part 1, Column 11 (Other Health Business).

Not for Distribution

COLUMN DEFINITIONS FOR SUPPLEMENTAL HEALTH CARE EXHIBIT – PARTS 1 AND 2

Where specifically stated, the reporting instructions and definitions contained in the supplement should be used. When not specifically stated, use the annual statement instructions and definitions. Amounts reported in the columns below are mutually exclusive to each other and should not be duplicated in another column.

- Column 1 – Comprehensive Health Coverage – Individual
 - Include: Health insurance where the policy is issued to an individual covering the individual and/or their dependents in the individual market. This includes group conversion policies.

- Column 2 – Comprehensive Health Coverage – Small Group Employer
 - All policies issued to small group employers.
 - Include small group health plans. “Small group health plan” means a health plan offered in the small group market as such term is defined in state law, consistent with the group’s state of situs reporting, in accordance with the Public Health Service Act.

- Column 3 – Comprehensive Health Coverage – Large Group Employer
 - All policies issued to large group employers (including Federal Employees Health Benefit Plan and similar insured state and local fully insured programs).
 - Include: TRICARE plans.

- Column 4 – Mini-med plans – Individual
- Column 5 – Mini-med plans – Small Group Employer
- Column 6 – Mini-med plans – Large Group Employer

- Include “mini-med” plans, also referred to as “limited benefit indemnity health insurance plans” in Section 158.120(d)(3) of the MLR Interim Final Rule for policies that have a total annual limit of \$250,000 or less.
- The definition of individual, small group employer and large group employer is the same definition as used for Comprehensive Health Coverage (Columns 1 through 3) above.

- Column 7 – Expatriate plans – Small Group }
 - Column 8 – Expatriate plans – Large Group }

- Include expatriate plans referenced in Section 158.120(d)(4) of the MLR Interim Final Rule as policies that provide coverage for employees, substantially all of whom are: working outside their country of citizenship, working outside of their country of citizenship and outside the employer’s country of domicile, or non-U.S. citizens working in their home country.
- These policies can be reported on a nationwide, aggregated basis, in the respective small group/large group columns. The amounts should be reported on the appropriate, domiciliary state page.

- Column 9 – Student Health Plans
 - Include student health plans referenced in Section 147.145(a) of the MLR Interim Final Rule
 - These policies can be reported on a nationwide, aggregated basis. The amounts should be reported on the appropriate, domiciliary state page.

Column 10 – Government Business (Excluded by Statute)

Include government programs that are excluded by statute, such as Medicaid Title XIX, State Children’s Health Insurance Program (SCHIP), Medicaid Program Title XXI risk contracts and other federal or state government-sponsored coverage. Exclude Medicare Advantage Part C and Medicare Part D stand-alone plans subject to the ACA reported in Column 12.

Column 11 – Other Health Business

Other Business (Excluded by Statute):

Health plan arrangements that do not provide comprehensive coverage as defined by statute.

Include short-term limited duration insurance and Medicare supplemental health coverage as defined under Section 1882(g)(1) of the Social Security Act, if offered as a separate policy, including student health plans meeting this criteria. Include coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided under a group health plan, hospital or other fixed indemnity coverage, specified disease or illness coverage and other limited benefit plans as specified by regulations promulgated by HHS in consultation with the NAIC.

All other health care business included in the Accident and Health Experience Exhibit that is not reported in Columns 1 through 10 or 12, including the stand-alone dental and vision coverages, long-term care, disability income, etc.

For insurers that assume health business via aggregate stop-loss reinsurance or other reinsurance that applied to a reinsured entity’s or group of entities’ entire business that would not be allocable to comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student plans in Columns 1 through 9 of Parts 1 and 2 of the supplement: report such assumed reinsurance on Line 5.0 (premiums) and Line 5.1 (claims) in Column 11 (Other Health Business) for the state page corresponding to the ceding insurer’s state of domicile.

Column 12 – Medicare Advantage Part C and Medicare Part D Stand-Alone Plans Subject to ACA

Include Medicare Advantage Part C plans as referenced in Section 1103 of Title 1, Subpart B of the federal Reconciliation Act, and Medicare Part D plans as referenced in Section 1860D-12(b)(3)(D) of the federal Affordable Care Act.

These policies can be reported on an aggregated basis on the domiciliary state page.

Not for Distribution

SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 1

(To Be Filed By April 1 – Not for Rebate Purposes – See Cautionary Statement at www.naic.org/cmte_e_app_blanks.htm.)

Column 14 – Uninsured Plans

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

Line 1.1 – Health Premiums Earned

Include: Direct written premium plus the change in unearned premium reserves.

Premiums earned on novated policies and on 100% assumption reinsurance where policyholders have consented (via opt-in or opt-out to opt-out) to the replacement of the original policy issuer (including cases where full servicing of premiums and claims have been transferred by the assuming reinsurer).

Columns 1 through 13 should equal Part 2, Line 1.11, Columns 1 through 13, respectively.

Line 1.2 – Federal High-Risk Pools

Include: Subsidies received or (assessments paid) under federal high-risk pools as provided in PPACA of 2010 [HR. 3590 – cite sections for initial high-risk and future-risk adjustment mechanisms].

Line 1.3 – State High-Risk Pools

Include: Subsidies received or (assessments paid) under state high-risk pools.

Exclude: Items included on Line 2.4.

Line 1.5 – Federal Taxes and Federal Assessments

Refer to *SSAP No. 101—Income Taxes* for “current income taxes incurred.”

Include: All federal taxes and assessments allocated to health insurance coverage reported under Section 2718 of the federal Public Health Service Act. Risk adjustment user fees shall be treated as government assessments.

Federal reinsurance contributions required under Section 1341 of the federal Affordable Care Act, including the assessments payable for administration expenses and U.S. Treasury assessments.

Exclude: Federal income taxes on investment income and capital gains.

Line 1.6 – State Insurance, Premium and Other Taxes and Assessments

Include: Any industry-wide (or subset) assessments (other than surcharges on specific claims) paid to the state directly; premium subsidies that are designed to cover the costs of providing indigent care or other access to health care throughout the state; or market stabilization redistributions, or cost transfers for the purpose of rate subsidies, not directly tied to claims and that are authorized by state law.

Guaranty fund assessments.

Assessments of state industrial boards or other boards for operating expenses or for benefits to sick unemployed persons in connection with disability benefit laws or similar taxes levied by states.

Advertising required by law, regulation or ruling, except advertising associated with investments.

State income, excise and business taxes other than premium taxes.

State premium taxes plus state taxes based on policy reserves, if in lieu of premium taxes.

In lieu of reporting state premium taxes, the reporting entity may choose to report payment for community benefit expenditures** limited to the highest premium tax rate in the state for which the report is being submitted, **but not both**.

Exclude: State sales taxes, if a company does not exercise the option of including such taxes with the cost of goods and services purchased.

Any portion of commissions or allowances on reinsurance assumed that represents specific reimbursement of premium taxes.

Any portion of commissions or allowances on reinsurance ceded that represents specific reimbursement of premium taxes.

Line 1.6a – Community Benefit Expenditures (informational only)

Include: Allowed Community Benefit Expenditures described below and included here and on Line 1.6, limited to premiums earned on comprehensive health policies (individual, small group and large group business), mini-med plans (individual, small group and large group business) and expatriate plans. (small group and large group business) multiplied by the highest state premium tax rate applicable to entities subject to premium tax.

EITHER*:

- a. Payments to a state, by health plans, of premium tax exemption values in lieu of state premium taxes;
- b. Payments by health plans for community benefit expenditures.** These payments must be state-based requirements to qualify for inclusion in this line item;

OR

- c. Payments made by (federal income) tax-exempt health plans for community benefit expenditures.** (NOTE: If the instruction for Line 1.5 above is revised to exclude federal income taxes, then tax-exempt health plans may NOT include community benefit expenditures in this line.)

Exclude: Any community benefit expenses in excess of the tax rate limitation. Such excess expenses will be reported on line 10.4a (informational) and included in line 10.4.

* These expenditures may not be double-counted between this category; the federal or state assessments for similar purposes included in Lines 1.5 or 1.6; or the quality improvement expenses reported in Lines 6.1 through 6.4.

** Community benefit expenditures are for activities or programs that seek to achieve the objectives of improving access to health services, enhancing public health and relieving government burden. This includes activities that:

- Are available broadly to the public and serve low-income consumers;
- Reduce geographic, financial or cultural barriers to accessing health services, and if ceased to exist would result in access problems (e.g., longer wait times or increased travel distances);
- Address federal, state or local public health priorities, such as advancing health care knowledge through education or research that benefits the public;
- Leverage or enhance public health department activities, such as childhood immunization efforts; or
- Otherwise would become the responsibility of government or another tax-exempt organization.

Line 1.7 – Regulatory Authority Licenses and Fees

Include: Statutory assessments to defray operating expenses of any state insurance department. Examination fees in lieu of premium taxes as specified by state law.

Exclude: Fines and penalties of regulatory authorities.

Fees for examinations by state departments other than as referenced above.

Line 1.9 – Net Assumed Less Ceded Reinsurance Premiums Earned

The amount to report against the assumed reinsurance premiums earned is the ceded reinsurance premiums written plus the change in unearned premium reserve that is transferred to the company assuming the risk plus the change in reserve credit taken other than for unearned premiums.

Should agree with Supplemental Health Care Exhibit, Part 2, Line 1.12 plus Line 1.13 less Line 1.14 for each column.

Line 1.10 – Other Adjustments Due to MLR Calculations – Premiums

Any amounts excluded from premiums in Part 2 for MLR calculation purposes. Should agree with Supplemental Health Care Exhibit, Part 2, Line 1.15.

Line 1.11 – Risk Revenue

Include: Amounts charged by the reporting entity as a provider or intermediary for specified medical services (e.g., full professional, dental, radiology, etc.) provided to the policyholders or members of another insurer or reporting entity.

Unlike premiums that are collected from an employer group or individual member, risk revenue is the prepaid (usually on a capitated basis) payment, made by another insurer or reporting entity to the reporting entity in exchange for services to be provided or offered by such organization.

Health Statement:

Column 13 should equal Statement of Revenue and Expense, Line 9, Column 2.

Line 2 – Claims

Health Statement:

Column 13, Lines 2.2 minus 2.3 should equal Statement of Revenue and Expense, Line 13, Column 2.

Line 2.1 – Incurred Claims Excluding Prescription Drugs

Include: Direct Paid Claims during the Year

Report payments before ceded reinsurance, but net of risk-share amount collected.

Change in Unpaid Claims

Report the change between prior year and current year unpaid claims reserves including claims reported in the process of adjustment, percentage withholds from payments made to contracted providers, recoverable for anticipated coordination of benefits (COB) and subrogation.

Change in Incurred but not Reported

Report the change in claims incurred but not reported from prior year to current year. Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.

Change in Contract & Other Claims Related Reserves (including the Change in Reserve for Rate Credits).

Include: MLR rebates paid during the year.

Prescription drugs reported in Line 2.2.

Pharmaceutical rebates received during the year, reported in Line 2.3.

Medical incentive pools and bonuses.

- Line 2.2 – Prescription Drugs
- Include: Expenses for prescription drugs and other pharmacy benefits covered by the reporting entity.
- Exclude: Prescription drug charges that are included in a hospital billing that should be classified as Hospital/Medical Benefits on Line 2.1.
- Line 2.3 – Pharmaceutical Rebates
- Refer to *SSAP No. 84—Health Care and Government Insured Plan Receivables* for accounting guidance.
- Line 2.4 – State Stop Loss, Market Stabilization and Claim/Census Based Assessment (Informational Only)
- Any market stabilization payments or receipts by insurers that are directly tied to claims incurred and other claims based on census based assessments.
- State subsidies based on a stop-loss payment methodology.
- Unsubsidized state programs designed to address distribution of health risks across health insurers via charges to low risk-carriers that are distributed to high risk carriers.
- Refer to *SSAP No. 35R—Guaranty Fund and Other Assessments* for accounting guidance.
- Line 3 – Incurred Medical Incentive Pools and Bonuses
- Arrangements with providers and other risk-sharing arrangements whereby the reporting entity agrees to either share savings or make incentive payments to providers to promote quality improvements as defined in the PHSA (Section 2717).
- Should agree to Supplemental Health Care Exhibit, Part 2, Line 2.11, for each column.
- Health Statement:
- Column 15 should equal Underwriting and Investment Exhibit, Part 2, Line 13, Column 1 minus 10.
- Line 4 – Deductible Fraud and Abuse Detection/Recovery Expenses
- This amount is the lesser of the expense reported in Part 3, Column 7, Lines 1.11, 2.11, 3.11, 4.11, 5.11, 6.11, 7.11, 8.11 and 9.11, and the fraud and abuse recoveries reported in Part 2, Line 3, Columns 1, 2, 3, 4, 5, 6, 7, 8 and 9, respectively.
- Line 5.0 – Total Incurred Claims (Lines 2.1 + 2.2 – 2.3 + 3)
- Should agree with Supplemental Health Care Exhibit, Part 2, Line 2.15.
- Line 5.1 – Net Assumed Less Ceded Reinsurance Claims Incurred
- Assumed reinsurance claims paid plus the change in the assumed reinsurance claims liability and aggregate assumed reinsurance claims reserve less the ceded reinsurance claims paid plus the change in the ceded reinsurance claims liability and aggregate ceded reinsurance claims reserve less the change in claims related reinsurance recoverables.
- Should agree with Supplemental Health Care Exhibit, Part 2, Line 2.16 plus Line 2.17, less Line 2.18, for each column.

- Line 5.2 – Other Adjustments Due to MLR Calculation – Claims
- Any amounts excluded from claims in Part 2 for MLR calculation purposes.
- Deduct: MLR rebated incurred included in Line 5.0
- Line 5.3 – Rebates Paid
- MLR Rebates paid during the year.
- Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(8), Columns 1 through 3, respectively.
- Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(8), Column 4.
- Line 5.4 – Estimated Rebates Unpaid at the End of the Prior Year
- Should equal Line 5.5 from the prior year.
- Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(3), Columns 1 through 3, respectively.
- Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(3), Column 4.
- Line 5.5 – Estimated Rebates Unpaid at the End of the Current Year
- MLR rebates estimated but unpaid as of reporting period.
- Columns 1 through 3 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(9), Columns 1 through 3, respectively.
- Sum of Columns 4 through 9 plus 12 should equal Note 24, Retrospectively Rated Contracts & Contracts Subject to Redetermination, Line 24D(9), Column 4.
- This cross-check is for the year-end annual statement accrual for the Public Health Service Act rebates to Supplemental Health Care Exhibit, Part 1 April 1 filing. This amount may differ from the final payment made in accordance with the HHS filing.
- Line 5.6 – Fee-for-Service and Co-Pay Revenue (net of expenses)
- Include: Revenue recognized by the reporting entity for collection of co-payments from members and revenue derived from health services rendered by reporting entity providers that are not included in member policies.
- Deduct: Medical expenses associated with fee-for-service business.

Line 6.1 – Improve Health Outcomes

Include expenses meeting the definition of Improve Health Outcomes in Part 3, Column 1 that are not health information technology expenses.

Part 1, Column 1, Line 6.1 should tie to Part 3, Column 1, Line 1.10

Part 1, Column 2, Line 6.1 should tie to Part 3, Column 1, Line 2.10

Part 1, Column 3, Line 6.1 should tie to Part 3, Column 1, Line 3.10

Part 1, Column 4, Line 6.1 should tie to Part 3, Column 1, Line 4.10

Part 1, Column 5, Line 6.1 should tie to Part 3, Column 1, Line 5.10

Part 1, Column 6, Line 6.1 should tie to Part 3, Column 1, Line 6.10

Part 1, Column 7, Line 6.1 should tie to Part 3, Column 1, Line 7.10

Part 1, Column 8, Line 6.1 should tie to Part 3, Column 1, Line 8.10

Part 1, Column 9, Line 6.1 should tie to Part 3, Column 1, Line 9.10

Line 6.2 – Activities to Prevent Hospital Readmissions

Include expenses meeting the definition of Improving Activities to Prevent Hospital Readmissions in Part 3, Column 2 that are not health information technology expenses.

Part 1, Column 1, Line 6.2 should tie to Part 3, Column 2, Line 1.10

Part 1, Column 2, Line 6.2 should tie to Part 3, Column 2, Line 2.10

Part 1, Column 3, Line 6.2 should tie to Part 3, Column 2, Line 3.10

Part 1, Column 4, Line 6.2 should tie to Part 3, Column 2, Line 4.10

Part 1, Column 5, Line 6.2 should tie to Part 3, Column 2, Line 5.10

Part 1, Column 6, Line 6.2 should tie to Part 3, Column 2, Line 6.10

Part 1, Column 7, Line 6.2 should tie to Part 3, Column 2, Line 7.10

Part 1, Column 8, Line 6.2 should tie to Part 3, Column 2, Line 8.10

Part 1, Column 9, Line 6.2 should tie to Part 3, Column 2, Line 9.10

Line 6.3 – Improve Patient Safety and Reduce Medical Errors

Include expenses meeting the definition of Improve Patient Safety and Reduce Medical Errors in Part 3, Column 3 that are not health information technology expenses.

Part 1, Column 1, Line 6.3 should tie to Part 3, Column 3, Line 1.10

Part 1, Column 2, Line 6.3 should tie to Part 3, Column 3, Line 2.10

Part 1, Column 3, Line 6.3 should tie to Part 3, Column 3, Line 3.10

Part 1, Column 4, Line 6.3 should tie to Part 3, Column 3, Line 4.10

Part 1, Column 5, Line 6.3 should tie to Part 3, Column 3, Line 5.10

Part 1, Column 6, Line 6.3 should tie to Part 3, Column 3, Line 6.10

Part 1, Column 7, Line 6.3 should tie to Part 3, Column 3, Line 7.10

Part 1, Column 8, Line 6.3 should tie to Part 3, Column 3, Line 8.10

Part 1, Column 9, Line 6.3 should tie to Part 3, Column 3, Line 9.10

Line 6.4 – Wellness and Health Promotion Activities

Include expenses meeting the definition of Wellness and Health Promotion Activities in Part 3, Column 4 that are not health information technology expenses.

Part 1, Column 1, Line 6.4 should tie to Part 3, Column 4, Line 1.10

Part 1, Column 2, Line 6.4 should tie to Part 3, Column 4, Line 2.10

Part 1, Column 3, Line 6.4 should tie to Part 3, Column 4, Line 3.10

Part 1, Column 4, Line 6.4 should tie to Part 3, Column 4, Line 4.10

Part 1, Column 5, Line 6.4 should tie to Part 3, Column 4, Line 5.10

Part 1, Column 6, Line 6.4 should tie to Part 3, Column 4, Line 6.10

Part 1, Column 7, Line 6.4 should tie to Part 3, Column 4, Line 7.10

Part 1, Column 8, Line 6.4 should tie to Part 3, Column 4, Line 8.10

Part 1, Column 9, Line 6.4 should tie to Part 3, Column 4, Line 9.10

Line 6.5 – Health Information Technology Expenses related to Health Improvement

Include expenses meeting the definition of HIT Expenses for Health Care Quality Improvements in Part 3, Column 5 that are health information technology expenses. Include ICD-10 conversion costs incurred up to .3% of earned premium related to quality improvement. (Refer to 45 CFR 158.150 of PPACA.) Exclude ICD-10 expenses related to claims adjudication or maintenance.

Part 1, Column 1, Line 6.5 should tie to Part 3, Column 5, Line 1.10

Part 1, Column 2, Line 6.5 should tie to Part 3, Column 5, Line 2.10

Part 1, Column 3, Line 6.5 should tie to Part 3, Column 5, Line 3.10

Part 1, Column 4, Line 6.5 should tie to Part 3, Column 5, Line 4.10

Part 1, Column 5, Line 6.5 should tie to Part 3, Column 5, Line 5.10

Part 1, Column 6, Line 6.5 should tie to Part 3, Column 5, Line 6.10

Part 1, Column 7, Line 6.5 should tie to Part 3, Column 5, Line 7.10

Part 1, Column 8, Line 6.5 should tie to Part 3, Column 5, Line 8.10

Part 1, Column 9, Line 6.5 should tie to Part 3, Column 5, Line 9.10

Not for Distribution

Line 8.1 – Cost Containment Expenses not Included in Quality of Care Expenses in Line 6.6

Include: Expenses that actually serve to reduce the number of health services provided or the cost of such services. Exclude cost containment expenses that improve the quality of health care (reported in Line 6.6). The following are examples of items that shall be considered “cost containment expenses” only if they result in reduced levels of costs or services (see the instructions for Part 3 of this supplement for items that qualify for Quality Improvement instead of “cost containment”):

Post and concurrent claim case management activities associated with past or ongoing specific care;

Utilization review;

Detection and prevention of payment for fraudulent requests for reimbursement;

Expenses for internal and external appeals processes; and

Network access fees to preferred provider organizations and other network-based health plans (including prescription drug networks), and allocated internal salaries and related costs associated with network development and/or provider contracting.

Line 8.2 – All Other Claims Adjustment Expenses

All Other Claims Adjustment Expenses not Included in Quality of Care Expenses in Line 6.6.

Include: Costs expected to be incurred in connection with the adjustment and recording of accident and health claims defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*. Further, Claim Adjustment Expenses for Managed Care Reporting Entities are those costs expected to be incurred in connection with the adjustment and recording of managed care claims defined in *SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses*.

Examples of other claim adjustment expenses are:

Estimating the amounts of losses and disbursing loss payments;

Maintaining records, general clerical and secretarial;

Office maintenance, occupancy costs, utilities and computer maintenance;

Supervisory and executive duties; and

Supplies and postage.

- Line 10 – General and Administrative Expenses
General and Administrative Expenses not Included in Line 6.6 or Line 8.3.
- Line 10.1 – Direct Sales Salaries and Benefits
Compensation (including, but not limited, to salaries and benefits) to employees of the company engaged in the activity of soliciting and generating sales to policyholders for the company.
- Line 10.2 – Agents and Brokers Fees and Commissions
All expenses incurred by the company payable to a licensed agent, broker or producer who is not an employee of the issuer in relation to the sale and solicitation of policies for the company.
- Line 10.3 – Other Taxes (Excluding Taxes on Lines 1.5 through 1.7 above and Line 14 below)
Include: Taxes of Canada or of any other foreign country not specifically provided for elsewhere.
Sales taxes, other than state sales taxes, if company does not exercise option of including such taxes with the cost of goods and services purchased.
- Line 10.4a – Community Benefit Expenditures (informational only; already reported in line 10.4)
Community benefit expenditures excluded from Line 1.6a due to tax rate limitation.
- Line 16 – ICD-10 Implementation Expenses (Informational only; already included in Line 8.2 and Line 6.5)
Costs associated the implementation of ICD-10, including the total cost of conversion, claims adjudication, maintenance and quality improvement allowance.
- Line 16a – ICD-10 Implementation Expenses (Informational only, already included in Line 6.5)
Include: Quality Improvement ICD-10 conversion costs incurred up to .3% of earned premium in the relevant state market. (Refer to 45 CFR 158.150 of PPACA.)

Not for Distribution

OTHER INDICATORS

These should be allocated to jurisdictions in the same manner as premium.

Line 1 – Number of Certificates / Policies

This is the number of individual policies (for individual business) or certificates issued to individuals covered under a group policy in force as of end of the reporting period. It is not the number of persons covered under individual policies or group certificates. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column 1, Line D2 – D1.

Line 2 – Number of Covered Lives

This is the total number of lives insured, including dependents, under individual policies and group certificates as of the reporting period. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column 6, Line D2 – D1.

Line 3 – Number of Groups

This is the total number of insurance groups issued as of the end of the reporting period.

Line 4 – Member Months

The sum of total number of lives insured on a pre-specified day of each month of the reported period. Reasonable approximations are allowed when exact information is not administratively available to the insurer.

Column 15 should equal Accident and Health Policy Experience Exhibit Column 7, Line D2 – D1.

Not for Distribution

ACA RECEIPTS, PAYMENTS, RECEIVABLES and PAYABLES TABLE

Permanent ACA Risk Adjustment Program

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.1 of Part 2:

Line 1.0 Premium adjustments receivable/(payable)
Line 4.0 Premium adjustments receipts/(payments)

Transitional ACA Reinsurance Program

The amounts from the lines below for Column 1, Individual Plans, are included in the amount reported on Line 2.17 and Line 2.18 of Part 2:

Line 2.0 Amounts recoverable for claims (paid & unpaid)
Line 5.0 Amounts received for claims

Temporary ACA Risk Corridors Program

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.6 of Part 2:

Line 3.1 Accrued retrospective premium
Line 3.2 Reserve for rate credits or policy experience refunds

The amounts from the lines below for Column 1, Individual Plans and Column 2, Small Group Employer Plans, are included in the amount reported on Line 1.5 of Part 2:

Line 6.1 Retrospective premium received
Line 6.2 Rate credits or policy experience refunds paid

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SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 2

Column 13 – Total

For Part 2, the GT (Grand Total) page:

- Column 13, Line 1.16 (Net Premiums Earned) should equal the Accident and Health Policy Experience Exhibit, Part 4, Column 1, Line 6 (Total) minus Line 2 (Other Forms Direct Business).
- Column 13, Line 1.11 (Total Direct Premiums Earned) minus Line 1.5 (Paid Rate Credits) minus Line 1.8 (Change in Reserve for Rate Credits) plus Line 1.15 (Other Adjustments Due to MLR Calculation – Premiums) should equal the Accident and Health Policy Experience Exhibit, Part 4, Column 1, Line 1 (U.S. Forms Direct Business).
- Column 13, Line 2.20 (Net Incurred Claims) minus Line 2.11 (Incurred Medical Incentive Pools and Bonuses) should equal the Accident and Health Policy Experience Exhibit, Part 4, Columns 2 plus 3, Line 6 (Total) minus Line 2 (Other Forms Direct Business).
- Column 13, Line 2.15 (Total Incurred Claims) minus Line 2.7 (Paid Rate Credits) minus Line 2.9 (Reserve for Rate Credits Current Year) plus Line 2.10 (Reserve for Rate Credits Prior Year) minus Line 2.11 (Incurred Medical Incentive Pools and Bonuses) plus Line 2.19 (Other Adjustments Due to MLR Calculation – Claims) should equal the Accident and Health Policy Experience Exhibit, Part 4, Columns 2 plus 3, Line 1 (U.S. Forms Direct Business).

NOTE: If the reporting entity has a Premium Deficiency Reserve, they will fail the crosschecks above due to the Accident and Health Policy Experience Exhibit excluding Premium Deficiency Reserve. The reporting entity should provide that explanation for the crosscheck failure.

Lines 1.1 – Direct Premiums Written

Include: Premium adjustments for contracts subject to redetermination where premium adjustments are based on the risk scores (health status) of covered enrollees, rather than the actual loss experience of the policy (e.g., Medicare Advantage risk adjustment and ACA risk adjustment). See *SSAP No. 54R—Individual and Group Accident and Health Contracts* and *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* for accounting guidance.

Exclude: Amounts for rate credits paid. Premium adjustments related to retrospectively rated contracts are reported on Part 2 Line 1.5 through Line 1.8.

Line 1.5 – Paid Rate Credits

Report experience-rated premium refunds paid or received during the reporting year for retrospectively rated contracts.

Include: MLR rebates paid, risk corridor premiums paid or received, and all other premium refunds paid or received related to retrospectively rated contracts. See *SSAP No. 66—Retrospectively Rated Contracts* and *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* for accounting guidance.

- Line 1.6 – Reserve for Rate Credits Current Year
- Report experience-rated refund liabilities less receivables under retrospectively rated contracts.
- Include: MLR rebates accrued, premium stabilization reserves and risk corridor liabilities less receivables.
- Line 1.9 – Premium Balances Written Off
- Include: Agents' or premium balances determined to be uncollectible and written off as losses. Also include recoveries during the current year on balances previously written off. Include actual write offs, not reserves for bad debt or statutory nonadmitted amounts.
- Line 1.10 – Group Conversion Charges
- If Line 1.1 has been reduced or increased by the amount of any conversion charges associated with group conversion privileges between group and individual lines of business in the annual statement accounting, enter the reverse of these charges on this line in the appropriate columns.
- Line 1.11 – Total Direct Health Premiums Earned
- Include: Direct written premium plus the change in unearned premium reserves.
- Line 1.12 – Assumed Premium Earned from Non-affiliates
- Include: Premiums assumed from ceding entity per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.
- Line 1.13 – Net Assumed Less Ceded Premiums Earned from Affiliates
- Include: Premiums received from ceding entity and ceded premium per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.
- Line 1.14 – Ceded Premium Earned to Non-affiliates
- Include: Assessments payable for reinsurance for issuers of individual policies per *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* and ceded premium per *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.
- Line 1.15 – Other Adjustments Due to MLR Calculation – Premiums
- Include: Any amounts excluded from premium for MLR calculation purposes that are normally included in premiums for financial statement purposes.
- Do not include: MLR rebates or any other premium adjustment related to retrospectively rated contracts as those amounts are to be reported on Part 2 Line 1.5 through Line 1.8.

Line 2 – Direct Claims Incurred:

Hospital/Medical Benefits

Include: Expenses for physician services provided under contractual arrangement to the reporting entity.

Salaries, including fringe benefits, paid to physicians for delivery of medical services. Capitation payments by the reporting entity to physicians for delivery of medical services to reporting entity subscribers.

Fees paid by the reporting entity to physicians on a fee-for-service basis for delivery of medical services to reporting entity subscribers. This includes capitated referrals.

Inpatient hospital costs of routine and ancillary services for reporting entity members while confined to an acute care hospital.

Charges for non-reporting entity physician services provided in a hospital are included in this line item only if included as an undefined portion of charges by a hospital to the reporting entity. (If separately itemized or billed, physician charges should be included in outside referrals, below.)

The cost of utilizing skilled nursing and intermediate care facilities.

Routine hospital services include regular room and board (including intensive care units, coronary care units and other special inpatient hospital units), dietary and nursing services, medical-surgical supplies, medical social services and the use of certain equipment and facilities for which the provider does not customarily make a separate charge.

Ancillary services may also include laboratory, radiology, drugs, delivery room, physical therapy services, other special items and services for which charges are customarily made in addition to a routine service charge.

Skilled nursing facilities are primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care or rehabilitation service.

Intermediate care facilities are for individuals who do not require the degree of care and treatment that a hospital or skilled nursing-care facility provides, but that do require care and services above the level of room and board.

Other Professional Services

Include: Expenses for other professional providers under contractual arrangement to the reporting entity.

Salaries, as well as fringe benefits, paid by the reporting entity to non-physician providers licensed, accredited or certified to perform specified clinical health services, consistent with state law, engaged in the delivery of medical services to reporting entity enrollees. Capitation payments by the reporting entity to such clinical service

Compensation to personnel engaged in activities in direct support of the provision of medical services.

Exclude: Professional services not meeting this definition. Report these services as administrative expenses. For example, exclude compensation to paraprofessionals, janitors, quality assurance analysts, administrative supervisors, secretaries to medical personnel and medical record clerks.

Outside Referrals

Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations or out-of-network providers.

Emergency Room and Out-of-Area

Include: Expenses for other health delivery services, including emergency room costs incurred by members for which the reporting entity is responsible and out-of-area service costs for emergency physician and hospital.

In the event a member is admitted to the health care facility immediately after seeking emergency room service, emergency service expenses are reported in this line, the expenses after admission are reported in the hospital/medical line, provided the member is seeking services in the service area. Out-of-area expenses incurred, whether emergency or hospital, are reported in this line.

Aggregate Write-ins for Other Hospital and Medical

Include: Other hospital and medical expenses not covered in the other claims accounts.

Line 2.1 Paid Claims during the Year

Report payments net of risk share amount collected.

Line 2.2 – Direct Claim Liability Current Year

Report the outstanding liabilities for health care services related to claims in the process of adjustment, incurred but not reported, amounts withheld from paid claims and capitations.

Include: Unpaid Claims

Report the current year unpaid claims reserves, including claims reported in the process of adjustment, percentage withholds from payments made to contracted providers, recoverable for anticipated coordination of benefits (COB) and subrogation.

Incurred but not Reported

Report the claims incurred but not reported in the current year. Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.

The direct claims related portion of lawsuit liability as reported on the Liabilities Page 3, Line 4.2 (Life Statement), Line 1, (Health Statement) and Line 1 (Property Statement).

- Line 2.4 – Direct Claim Reserves Current Year
- Report reserves related to health care services for present value of amounts not yet due on claims and the claims related portion for reserve for future contingent benefits.
- Include: Amounts for the reserve for rate credits for the current year.
- The direct claims related portion of lawsuit reserves as reported on the Liabilities Page 3, Line 2 (Life Statement), Line 7 (Health Statement) and Line 1 (Property Statement).
- Line 2.6 – Direct Contract Reserve Current Year
- Report the amount of reserves required when due to the gross premium structure, the future benefits exceed the future net premium. Contract reserves are in addition to claim liabilities and claim reserves. Refer to *SSAP No. 54R—Individual and Group Accident and Health Contracts* for guidance.
- Include: Contract reserves and other claims related reserves.
- Exclude: Premium deficiency reserves.
- Line 2.8 – Paid Rate Credits
- Report experience-rated premium refunds paid or received during the reporting year for retrospectively rated contracts.
- Include: MLR rebates paid, risk corridor premiums paid or received, and all other premium refunds paid or received related to retrospectively rated contracts.
- Line 2.9 – Reserve for Rate Credits Current Year
- Report experience-rated refund liabilities less receivables under retrospectively rated contracts.
- Include: MLR rebates accrued, premium stabilization reserves, and risk corridor liabilities less receivables.
- Line 2.11 – Incurred Medical Incentive Pools and Bonuses
- Arrangements with providers and other risk-sharing arrangements whereby the reporting entity agrees to share savings with contracted providers.
- Line 2.12 – Net Health Care Receivables
- Report the change between prior year health care receivables and current year health care receivables. The amounts on this line are the gross health care receivable assets, not just the admitted portion. This amount should not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been paid from the provider.
- Line 2.13 – Group Conversion Charges
- If Line 1.1 has been reduced or increased by the amount of any conversion charges associated with group conversion privileges between group and individual lines of business in the annual statement accounting, enter the reverse of these charges on this line. Otherwise, if group conversion charges were reported separately from premiums and claims on the annual statement, enter these charges on this line in the appropriate columns.

Line 2.14 – Multi-option Coverage Blended Rate Adjustment

If multi-option coverage is provided to a single employer at blended rates, which are defined as cross-subsidized rates charged for coverage provided by a single employer through two or more affiliates, the reporting entity may make an adjustment to bring each affiliate's ratio of incurred claims to earned premium to equal the ratio calculated for that employer group in aggregate for the MLR reporting year. If the reporting entity chooses to make this adjustment, it must be made for a minimum of three years. (This does NOT include dual contract amounts for in network and out of network coverage.)

Line 2.15 – Total Incurred Claims

Should agree to Supplemental Health Care Exhibit, Part 1, Line 5.0.

Line 2.19 – Other Adjustments Due to MLR Calculation – Claims

Include: Any amounts excluded from claims for MLR calculation purposes that are normally included in claims for financial statement purposes. For example, premium deficiency reserves are excluded from contract reserves for MLR purposes in Part 2; thus, premium deficiency reserves would be included on this Line. Include the adjustment for multi-option coverage amounts (if offsetting line 2.14, report as a negative amount).

Do Not Include MLR rebates or any other premium adjustment related to retrospectively rated contracts as those amounts are to be reported on Part 2 Line 2.8 through Line 2.10.

Line 3 – Fraud and Abuse Recoveries that Reduce PAID Claims in Line 2.1 above (informational only)

Include collected recoveries on paid claims only.

Footnote (a)

Report the amount of direct written premium included in Column 13, Line 1.1 for stand-alone dental and vision policies.

Not for Distribution

SUPPLEMENTAL HEALTH CARE EXHIBIT – PART 3

This exhibit is intended to provide disclosure of expenses by major type of activity that improves health care quality, as defined below, as well as the amount of those expenses that is used for other activities, and reported separately for the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans.

This exhibit also shows the amount of qualifying HIT expenses, reported separately for the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans, broken down into the four categories of Quality Improvement expenses (see below); similarly, the Other than HIT qualifying Quality Improvement expenses are disclosed for each of the four categories of Quality Improvement expenses.

The definitions of Individual, Small Group and Large Group are found in the instructions for Part 1 and 2 of this supplement exhibit.

Improving Health Care Quality Expenses – General Definition:

Quality Improvement (QI) expenses are expenses, other than those billed or allocated by a provider for care delivery (i.e., clinical or claims costs), for all plan activities that are designed to improve health care quality and increase the likelihood of desired health outcomes in ways that are capable of being objectively measured and of producing verifiable results and achievements.

The expenses must be directed toward individual enrollees or may be incurred for the benefit of specified segments of enrollees, recognizing that such activities may provide health improvements to the population beyond those enrolled in coverage, as long as no additional costs are incurred due to the non-enrollees other than allowable QI expenses associated with self-insured plans.

Qualifying QI expenses should be grounded in evidence-based medicine, widely accepted best clinical practice or criteria issued by recognized professional medical societies, accreditation bodies, government agencies or other nationally recognized health care quality organizations.

They should not be designed primarily to control or contain cost, although they may have cost-reducing or cost-neutral benefits, as long as the primary focus is to improve quality.

Qualifying QI activities are primarily designed to achieve the following goals set out in Section 2717 of the PHSA and Section 1311 of the PPACA:

- Improve health outcomes including increasing the likelihood of desired outcomes compared to a baseline and reducing health disparities among specified populations;
 - Prevent hospital readmissions;
 - Improve patient safety and reduce medical errors, lower infection and mortality rates;
 - Increase wellness and promote health activities; or
- Enhance the use of health care data to improve quality, transparency and outcomes.

NOTE: Expenses that otherwise meet the definitions for QI but were paid for with grant money or other funding separate from premium revenues shall NOT be included in QI expenses.

Column 1 – Improve Health Outcomes

Expenses for the direct interaction of the insurer (including those services delegated by contract for which the insurer retains ultimate responsibility under the insurance policy), providers and the enrollee or the enrollee's representatives (e.g., face-to-face, telephonic, Web-based interactions or other means of communication) to improve health outcomes as defined above.

This category can include costs for associated activities such as:

- Effective case management, care coordination and chronic disease management, including:
 - Patient-centered intervention, such as:
 - Making/verifying appointments;
 - Medication and care compliance initiatives;
 - Arranging and managing transitions from one setting to another (such as hospital discharge to home or to a rehabilitation center);
 - Programs to support shared decision-making with patients, their families and the patient's representatives; and
 - Reminding insured of physician appointments, lab tests or other appropriate contact with specific providers;
 - Incorporating feedback from the insured to effectively monitor compliance;
 - Providing coaching or other support to encourage compliance with evidence-based medicine;
 - Activities to identify and encourage evidence-based medicine;
 - Use of the medical homes model as defined for purposes of Section 3602 of PPACA;
 - Activities to prevent avoidable hospital admissions;
 - Education and participation in self-management programs; and
 - Medication and care compliance initiatives, such as checking that the insured is following a medically effective prescribed regimen for dealing with the specific disease/condition and incorporating feedback from the insured in the management program to effectively monitor compliance;
- Accreditation fees by a nationally recognized accrediting entity directly related to quality of care activities included in Columns 1 through 5;
- Expenses associated with identifying and addressing ethnic, cultural or racial disparities in effectiveness of identified best clinical practices and evidence-based medicine;
- Quality reporting and documentation of care in non-electronic format; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions) including:
 - Data extraction, analysis and transmission in support of the activities described above; and
 - Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient's care.

Column 2 – Activities to Prevent Hospital Readmission

Expenses for implementing activities to prevent hospital readmissions as defined above, including:

- Comprehensive discharge planning (e.g., arranging and managing transitions from one setting to another, such as hospital discharge to home or to a rehabilitation center) in order to help ensure appropriate care that will, in all likelihood, avoid readmission to the hospital;
- Personalized post-discharge counseling by an appropriate health care professional;
- Any quality reporting and related documentation in non-electronic form for activities to prevent hospital readmission; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions) including:
 - Data extraction, analysis and transmission in support of the activities described above; and
 - Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient’s care.

Column 3 – Improve Patient Safety and Reduce Medical Errors

Expenses for implementing activities to improve patient safety and reduce medical errors (as defined above) through:

- The appropriate identification and use of best clinical practices to avoid harm;
- Activities to identify and encourage evidence-based medicine in addressing independently identified and documented clinical errors or safety concerns;
- Activities to lower risk of facility-acquired infections;
- Prospective prescription drug utilization review aimed at identifying potential adverse drug interactions;
- Any quality reporting and related documentation in non-electronic form for activities that improve patient safety and reduce medical errors; and
- Health information technology expenses to support these activities (report in Column 5 – see instructions), including:
 - Data extraction, analysis and transmission in support of the activities described above; and
 - Activities designed to promote sharing of medical records to ensure that all clinical providers have access to consistent and accurate records from all participants in a patient’s care.

Column 4 – Wellness & Health Promotion Activities

Expenses for programs that provide wellness and health promotion activity as defined above (e.g., face-to-face, telephonic or Web-based interactions or other forms of communication), including:

- Wellness assessment;
- Wellness/lifestyle coaching programs designed to achieve specific and measurable improvements;
- Coaching programs designed to educate individuals on clinically effective methods for dealing with a specific chronic disease or condition; and
- Public health education campaigns that are performed in conjunction with state or local health departments.

- Actual rewards/incentives/bonuses/reductions in co-pays, etc. (not administration of these programs) that are not already reflected in premiums or claims should be allowed as QI with the following restrictions:
 - Only allowed for small and large employer groups, not individual business; and the expense amount is limited to the same percentage as the HIPAA incentive amount limit;
- Any quality reporting and related documentation in non-electronic form for wellness and health promotion activities;
- Coaching or education programs and health promotion activities designed to change member behavior (e.g., smoking, obesity); and
- Health information technology expenses to support these activities (Report in Column 5 – See instructions).

Column 5 – HIT Expenses for Health Care Quality Improvements

The PPACA also contemplates “Health Information Technology” as a function that may in whole or in part improve quality of care, or provide the technological infrastructure to enhance current QI or make new QI initiatives possible. Include HIT expenses required to accomplish the activities reported in Columns 1 through 4 that are designed for use by health plans, health care providers or enrollees for the electronic creation, maintenance, access or exchange of health information, consistent with Medicare/Medicaid meaningful use requirements, in the following ways:

1. Monitoring, measuring or reporting clinical effectiveness, including reporting and analysis costs related to maintaining accreditation by nationally recognized accrediting organizations, such as NCQA or URAC; or costs for public reporting of quality of care, including costs specifically required to make accurate determinations of defined measures (e.g., CAHPS surveys or chart review of HEDIS measures) and costs for public reporting mandated or encouraged by law;
2. Advancing the ability of enrollees, providers, insurers or other systems to communicate patient-centered clinical or medical information rapidly, accurately and efficiently to determine patient status, avoid harmful drug interactions or direct appropriate care – this may include electronic health records accessible by enrollees and appropriate providers to monitor and document an individual patient’s medical history;
3. Tracking whether a specific class of medical interventions or a bundle of related services leads to better patient outcomes;
4. Reformating, transmitting or reporting data to national or international government-based health organizations for the purposes of identifying or treating specific conditions or controlling the spread of disease; or
5. Provision of electronic health records and patient portals.
6. ICD-10 conversion costs incurred up to .3% of earned premium related to quality improvement. (Refer to 45 CFR 158.150 of PPACA).

Exclude Costs associated with establishing or maintaining a claims adjudication system, including costs directly related to upgrades in HIT that are designed primarily or solely to improve claims payment capabilities or to meet regulatory requirements for processing claims (e.g., costs of implementing new administrative simplification standards and code sets adopted pursuant to the Health Insurance Portability and Accountability Act (HIPAA), 42 U.S.C. 1320d-2, as amended, including the ICD-10 conversion costs not related to quality improvement and ICD-10 conversion costs incurred that are in excess of .3% of earned premium that are related to quality improvement.

NOTE:

- a. Health Care Professional Hotlines: Expenses for health care professional hotlines should be included in Claims Adjustment Expenses to the extent they do not meet the criteria for the above defined columns of Improve Health Outcomes, Activities to Prevent Hospital Readmissions, Improve Patient Safety and Reduce Medical Errors, and Wellness & Health Promotion Activities.
- b. Prospective Utilization Review: Expenses for prospective utilization review should be included in Claims Adjustment Expenses to the extent they do not meet the criteria for the above defined columns of Improve Health Outcomes, Activities to Prevent Hospital Readmissions, Improve Patient Safety and Reduce Medical Errors, and Wellness & Health Promotion Activities, AND the prospective utilization review activities are not conducted in accordance with a program that has been accredited by a recognized accreditation body.

The following items are broadly excluded as not meeting the definitions above:

- All retrospective and concurrent utilization review;
- Fraud prevention activities (all are reported as cost containment, but Part 1, Line 1 includes MLR recognition of fraud detection/recovery expenses up to the amount recovered that reduces incurred claims);
- The cost of developing and executing provider contracts and fees associated with establishing or managing a provider network;
- Provider credentialing;
- Marketing expenses;
- Any accreditation fees that are not directly related to activities included in Columns 1 through 5;
- Costs associated with calculating and administering individual executive or employee incentives; and
- Any function or activity not expressly included in Columns 1 through 5.

NOTE: The NAIC will review requests to include expenses for broadly excluded activities and activities not described under Columns 1 through 5 above. Upon an adequate showing that the activity's costs support the definitions and purposes therein, or otherwise support monitoring, measuring, or reporting health care quality improvement, the NAIC may recommend that the HHS Secretary certify those expenses as Quality Improvement.

The sections for comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business) and expatriate plans (small group and large group business) are defined as per the comprehensive health coverage (individual, small group and large group business), mini-med plans (individual, small group and large group business), expatriate plans (small group and large group business) and student health plans columns in Parts 1 and 2 of this supplement.

For questions on definitions, refer to the instructions for the Annual Statement Expenses Schedule (i.e., the Underwriting and Investment Exhibit, Part 2 for P and Health, and Exhibit 2 for Life and Fraternal), for the line references provided below. **DIFFERENT FROM A/S EXPENSE REPORTING:** For non-affiliated management agreements/outsourced services, report all amounts in the supplement's Line 1.2, 2.2, 3.2, 4.2, 5.2, 6.2, 7.2, 8.2 or 9.2 for Outsourced Services (not just those amounts less than 10% of total expenses). Continue to allocate all affiliated management agreements/outsourced services to the appropriate expense lines as if the costs had been borne directly by the insurer.

Lines 1.1, 2.1,
3.1, 4.1, 5.1,
6.1, 7.1, 8.1
& 9.1 –

Salaries

Life/Fraternal Statement:

Exhibit 2, Line 2 Salaries and wages
Exhibit 2, Line 3.11 Contributions for benefit plans for employees
Exhibit 2, Line 3.12 Contributions for benefit plans for agents
Exhibit 2, Line 3.21 Payments to employees under non-funded benefit plans
Exhibit 2, Line 3.22 Payments to agents under non-funded benefit plans
Exhibit 2, Line 3.31 Other employee welfare
Exhibit 2, Line 3.32 Other agent welfare

Health Statement:

U&I Part 3, Line 2 Salaries, wages and other benefits

P/C Statement:

U&I Part 3, Line 8.1 Salaries
U&I Part 3, Line 9 Employee relations and welfare
U&I Part 3, Line 11 Directors' fees

Lines 1.2, 2.2,
3.2, 4.2, 5.2,
6.2, 7.2, 8.2
& 9.2 –

Outsourced Services

Include:

All non-affiliated expenses for administrative services, claim management services, new programming, membership services, and other similar services, regardless of amount. Thus, non-affiliated amounts greater than the 10% threshold that are reported in the various expense categories (e.g., salaries, rent) for A/S Expense Exhibit reporting will be backed out of the expense categories and reported in Outsourced Services in the Supplemental Health Care Exhibit, Part 3. In addition, the non-affiliated amounts less than the 10% threshold will be included in Outsourced Services (reported as follows in the A/S Expense Exhibit):

Life/Fraternal Statement:

Exhibit 2, Line 4.5 Expense of investigation and settlement of policy claims
Outsourced portion of Exhibit 2, Line 7.1 Agency expense allowance

Health Statement:

U&I Part 3, Line 14 Outsourced services including EDP, claims, and other services

P/C Statement:

Outsourced portion of U&I Part 3, Line 1.4 Net claim adjustment services
Outsourced portion of U&I Part 3, Line 2.8 Net commission/brokerage
Outsourced portion of U&I Part 3, Line 3 Allowances to manager and agents

Exclude:

Services provided by affiliates under management agreements.

Lines 1.3, 2.3,
3.3, 4.3, 5.3,
6.3, 7.3, 8.3
& 9.3 – EDP Equipment and Software

Life/Fraternal Statement:

Exhibit 2, Line 5.7 Cost or depreciation of EDP equipment and software

Health Statement:

U&I Part 3, Line 13 Cost or depreciation of EDP equipment and software

P/C Statement:

U&I Part 3, Line 15 Cost or depreciation of EDP equipment and software

Lines 1.4, 2.4,
3.4, 4.4, 5.4,
6.4, 7.4, 8.4
& 9.4 – Other Equipment (excluding EDP)

Life/Fraternal Statement:

Exhibit 2, Line 5.6 Rental of equipment

Equipment amounts from Exhibit 2, Line 5 Cost or depreciation of furniture/equipment

Health Statement:

U&I Part 3, Line 12 Equipment

P/C Statement:

U&I Part 3, Line 14 Equipment

Lines 1.5, 2.5,
3.5, 4.5, 5.5,
6.5, 7.5, 8.5
& 9.5 – Accreditation and Certification

Include: Fees associated with the certification and accreditation of a health plan, including but not limited to: fees paid to Joint Commission on Accreditation of Health Care Organizations (JCAHO), National Committee on Quality Assurance (NCQA), and American Accreditation Health Care Commission (URAC).

Life/Fraternal Statement:

Applicable portion of Exhibit 2, Line 6.2 Bureau and association fees

Health Statement:

U&I Part 3, Line 5 Certification and Accreditation

P/C Statement:

Applicable portion of U&I Part 3, Line 5 Boards, bureaus and associations

Exclude: Rating agencies and other similar organizations.

Lines 1.6, 2.6,
3.6, 4.6, 5.6,
6.6, 7.6, 8.6
& 9.6 – Other Expenses

Include: Any additional expenses not included in another category.

Life/Fraternal Statement:

Exhibit 2, Line 1 Rent

Exhibit 2, Line 4.1 Legal fees and expenses

Exhibit 2, Line 4.2 Medical examination fees

Exhibit 2, Line 4.3 Inspection report fees

Exhibit 2, Line 4.4 Fees of public accountants and consulting actuaries

Exhibit 2, Line 5.1 Traveling expenses

Exhibit 2, Line 5.2 Advertising

Exhibit 2, Line 5.3 Postage, express, telegraph and telephone

Exhibit 2, Line 5.4 Printing and stationery

Furniture portion of Exhibit 2, Line 5.5 Cost or depreciation of furniture/equipment

Exhibit 2, Line 6.1 Books and periodicals

Non-accreditation portion of Exhibit 2, Line 6.2 Bureau and association fees

Exhibit 2, Line 6.3 Insurance, except on real estate

Exhibit 2, Line 6.4 Miscellaneous losses

Exhibit 2, Line 6.5 Collection and bank service charges

Exhibit 2, Line 6.6 Sundry general expenses

In house portion of Exhibit 2, Line 7.1 Agency expense allowance

Exhibit 2, Line 7.2 Agents' balances charged off (less \$__ recovered)

Exhibit 2, Line 7.3 Agency conferences other than local meetings

Exhibit 2, Line 9.1 Real estate expenses

Exhibit 2, Line 9.2 Investment expenses not included elsewhere

Exhibit 2, Line 9.3 Aggregate write-ins for expenses

Health Statement:

U&I Part 3, Line 1 Rent
U&I Part 3, Line 3 Commissions
U&I Part 3, Line 4 Legal fees
U&I Part 3, Line 6 Auditing, actuarial and other consulting
U&I Part 3, Line 7 Traveling expenses
U&I Part 3, Line 8 Marketing and advertising
U&I Part 3, Line 9 Postage, express and telephone
U&I Part 3, Line 10 Printing and office supplies
U&I Part 3, Line 11 Occupancy, depreciation and amortization
U&I Part 3, Line 15 Boards, bureaus and association fees
U&I Part 3, Line 16 Insurance, except on real estate
U&I Part 3, Line 17 Collection and bank service charges
U&I Part 3, Line 18 Group service and administration fees
U&I Part 3, Line 21 Real estate expenses
U&I Part 3, Line 24 Investment expenses not included elsewhere
U&I Part 3, Line 25 Aggregate write-ins

P/C Statement:

In house portion of U&I Part 3, Line 1.4 Net claim adjustment services
In house portion of U&I Part 3, Line 2.8 Net commission/brokerage
In house portion of U&I Part 3, Line 3 Allowances to manager and agents
U&I Part 3, Line 4 Advertising
Non-accreditation portion of U&I Part 3, Line 5 Boards, bureaus and associations
U&I Part 3, Line 6 Surveys and underwriting reports
U&I Part 3, Line 7 Audit of assured's records
U&I Part 3, Line 10 Insurance
U&I Part 3, Line 12 Travel and travel items
U&I Part 3, Line 13 Rent and rent items
U&I Part 3, Line 16 Printing and stationery
U&I Part 3, Line 17 Postage, telephone and telegraph, exchange and express
U&I Part 3, Line 18 Legal and auditing
U&I Part 3, Line 21 Real estate expenses
U&I Part 3, Line 24 Aggregate write-ins

Lines 1.8, 2.8,
3.8, 4.8, 5.8,
6.8, 7.8, 8.8
& 9.8 – Reimbursement by uninsured plans and fiscal intermediaries

Life Statement:

Exhibit 2, Line 6.7 Group service and administration fees

Exhibit 2, Line 6.8 Reimbursements by uninsured plans

Health Statement:

U&I Part 3, Line 19 Reimbursements by uninsured plans

U&I Part 3, Line 20 Reimbursements from fiscal intermediaries (e.g., Medicare, CHAMPUS, other governmental)

P/C Statement:

U&I Part 3, Line 23 Reimbursements by uninsured plans

Lines 1.9, 2.9,
3.9, 4.9, 5.9,
6.9, 7.9, 8.9
& 9.9 – Taxes, Licenses and Fees

Life Statement:

Exhibit 3, Line 1 Real estate taxes

Exhibit 3, Line 2 State insurance department licenses and fees

Exhibit 3, Line 3 State taxes on premiums

Exhibit 3, Line 4 Other state taxes, incl \$__ for employee benefits

Exhibit 3, Line 5 U.S. Social Security taxes

Exhibit 3, Line 6 All other taxes

Fraternal Statement:

Exhibit 3, Line 1 Real estate taxes

Exhibit 3, Line 2 State insurance department licenses and fees

Exhibit 3, Line 3 Other state taxes, incl \$__ for employee benefits

Exhibit 3, Line 4 U.S. Social Security taxes

Exhibit 3, Line 5 All other taxes

Health Statement:

U&I Part 3, Line 22 Real Estate Taxes

U&I Part 3, Line 23.1 State and local insurance taxes

U&I Part 3, Line 23.2 State premium taxes

U&I Part 3, Line 23.3 Regulatory authority licenses and fees

U&I Part 3, Line 23.4 Payroll taxes

U&I Part 3, Line 23.5 Other (excluding federal income and real estate)

P/C Statement:

U&I Part 3, Line 8.2 Payroll taxes

U&I Part 3, Line 20.1 State and local insurance taxes, deducting guaranty association credits of \$___

U&I Part 3, Line 20.2 Insurance department licenses and fees

U&I Part 3, Line 20.3 Gross guaranty association assessments

U&I Part 3, Line 20.4 All other taxes, licenses and fees (excluding federal and foreign income and real estate)

U&I Part 3, Line 22 Real estate taxes

Lines 1.11, 2.11,
3.11, 4.11, 5.11,
6.11, 7.11, 8.11
& 9.11 –

Total Fraud and Abuse Detection/Recovery Expenses Included in Column 7 (Informational Only)

Include: Fraud and abuse detection and recovery expenses as well as prevention expenses.

Not for Distribution

EXPENSE ALLOCATION SUPPLEMENTAL FILING

A single (not state-by-state), separate, regulator-only supplemental filing must be made by the insurer to provide a description of the method utilized to allocate QI expenses to each state and to each line and column on Part 3.

Additionally, companies reporting QI expenses in Part 3, Columns 1 through 5 must include a detailed description of such expense elements, including how the specific expenses meet the definitions above.

The definitions established in the Supplemental Health Care Exhibit apply to this supplemental filing, as well. For a **new initiative** that otherwise meets the definition of QI above but has not yet met the objective, verifiable results requirement, include an “X” in the “New” column of the supplement and include in the description the expected time frame for the activity to accomplish the objective, verifiable results.

Expenses for prospective utilization review and the costs of reward or bonuses associated with wellness and health promotion that are included in QI should include an “E” in the “New” column. These will be reviewed for adherence to the definition and standards of QI and may be specifically incorporated into, or excluded from, the instructions to QI for future reporting purposes.

<u>Expense Type from Part 3</u>	<u>Line Number</u>
Improve Health Outcomes	1.0001 – 1.9999
Activities to Prevent Hospital Readmission.....	2.0001 – 2.9999
Improve Patient Safety and Reduce Medical Errors	3.0001 – 3.9999
Wellness & Health Promotion Activities.....	4.0001 – 4.9999
HIT Expenses for Health Care Quality Improvements	5.0001 – 5.9999

Not for Distribution

Not for Distribution

LIFE SUPPLEMENT
TO THE HEALTH ANNUAL STATEMENT

NOTE: Only companies licensed as Life, Accident & Health insurers should complete the schedules included in the Life Supplement to the Health Annual Statement.

EXHIBIT 5 – AGGREGATE RESERVES FOR LIFE CONTRACTS

To be filed on or before March 1.

Refer to *SSAP No. 50—Classifications of Insurance or Managed Care Contracts* for life, accident and health and deposit-type contract definitions and *SSAP No. 51R—Life Contracts*. Reserves should be computed on a “gross” basis, i.e., direct and reinsurance assumed combined. Then, deductions for reinsurance ceded should be computed, using the same assumptions for mortality and interest and using the same valuation method, but reflecting the actual mode of reinsurance. If the assuming reinsurer uses different valuation assumptions or method (e.g., reinsurer uses net level, but ceding entity uses CRVM), then deductions for reinsurance ceded by the ceding reporting entity will not necessarily equal reserves established by the assuming reporting entity. No deductions should be taken for reserves ceded under a modified coinsurance arrangement.

If necessary, companies may add lines to report each reserve basis used.

Column 1 – Valuation Standard

State table of mortality, disability, etc. rate of interest; distinguish between: (1) net level premium, and (2) preliminary term, modified preliminary term, and select and ultimate standards. Identify reserve basis applicable to new business by inserting “NB.” on respective lines. Valuation assumptions for mortality, morbidity and other contingencies, interest, and the valuation method should be indicated by years of issue. For annuities, indicate whether immediate, deferred, or both.

In describing the valuation assumptions and valuation methods, abbreviate as follows:

Mortality and Morbidity

- AE..... American Experience Table.
- AM (5)..... American Men (Ultimate) Table.
- 41 CSO..... Commissioners 1941 Standard Ordinary Table.
- 41 STD IND..... 1941 Standard Industrial Table.
- 41 STD INT..... 1941 Standard Intermediate Table.
- 58 CSO..... Commissioners 1958 Standard Ordinary Table.
- 58 CET..... Commissioners 1958 Extended Term Table.
- 60 CSG..... Commissioners 1960 Standard Group Table.
- 61 CSI..... Commissioners 1961 Standard Industrial Table.
- 80 CSO..... Commissioners 1980 Standard Ordinary Table or any modification of such table adopted by the NAIC.
- 80 CET..... Commissioners 1980 Extended Term Table or any modification of such table adopted by the NAIC.
- 1937 S..... 1937 Standard Annuity Table.
- C..... Combined Annuity Table.
- a-1949..... Annuity Table for 1949.
- 71 IAM..... 1971 Individual Annuity Mortality Table.
- 51 GAM..... Group Annuity Mortality Table for 1951.
- 51 GAM PROJ..... Group Annuity Mortality Table for 1951 with Projection.
- 71 GAM..... 1971 Group Annuity Mortality Table.
- 83a..... 1983 Table a.
- 83 GAM..... 1983 Group Annuity Mortality Table.
- 1994 GAR..... 1994 Group Annuity Mortality Table.
- a-2000..... Annuity 2000 Mortality Table.
- INTERCO DI..... Inter-Company Double Indemnity Table.
- IND DI..... Industrial Double Indemnity.

59 ADB	1959 Accidental Death Benefits Table.
52 INTERCO DISA	1952 Inter-Company Disability Table.
70 INTERCO DISA	1970 Inter-Company Group Life Disability Table.
64 CDT	1964 Commissioners Disability Table.
26 Class (3)	Class (3) Disability Table (1926).
56 TASK FORCE IV	1956 Task Force IV Morbidity Table.
85 CIDA	1985 Commissioners Individual Disability Tables A.
85 CIDB	1985 Commissioners Individual Disability Tables B.

Interest

4 1/2%	Interest at 4 1/2% for all durations.
5%/10/2%	Interest at 5% for the first 10 years after issue; 2% thereafter.

Valuation Method

NLP	Net Level Premium Reserve Method.
CRVM	Commissioners Reserve Valuations Method.
NJ	NJ Modified Reserve Method.
ILL	Illinois Modified Reserve Method.
CARVM	Commissioners Annuity Reserve Valuations Method.
MOD	Other Modified Reserve Method (e.g. CRVM graded into Net Level).

Age Basis

ANB	Age Nearest Birthday.
ALB	Age Last Birthday.
(-1)	With Ages Reduced One Year.

Other

CRF	Curtate Functions.
CNF	Continuous Functions.
CP	Continuous Premiums (but curtate death benefit).
IDB	Immediate Death Benefit (but non-continuous premiums).
55-79	Issue years 1955 to 1979 inclusive.

For example, typical entries for two life insurance reserve bases in Exhibit 5 might be:

LIFE INSURANCE NLP ANB CRF unless otherwise indicated

1. 41 CSO 2 1/2%

2. 58 CSO 4%/10/2% CRVM ALB CNF

If additional space is needed to adequately describe the basis of valuation, use Note 21 of the Notes to Financial Statements to write in this information.

Column 5 – Credit (Group and Individual)

Include: Business not exceeding 120 months.

Refer to *SSAP No. 59—Credit Life and Accident and Health Insurance Contracts* for accounting guidance.

Life Insurance

Include the reserve for future transfers of un-accrued tabular net premiums to the end of the current contract year for variable life insurance contracts.

Accidental Death Benefits

If reserve for accidental death benefits under group life contracts is carried in Life Insurance, write “Included Above” in Column 6.

Disability – Active Lives

If reserve for disability under group life contracts is carried in Life Insurance, write “Included Above” in Column 6.

Disability – Disabled Lives

Include “un-accrued” portion of liability for incurred claims (whether reported or unreported).

Miscellaneous Reserves

Classification by mortality and interest standards not required.

If the company has no liability in respect to one of these items, write “None” in the total Column. If the liability in respect to one of these items is carried under Life Insurance to Disability, write “Included on preceding page” in the total Column.

The words “return of premiums” in Line 2 of this section do not refer to benefits under so-called return premium contracts, but to the return of some part of the premium paid for the period current at the time of death. Compute reserve on basis of level premiums, not successive one-year term premiums.

Include the reserve for variable life insurance minimum death benefit guarantees in this section.

EXHIBIT 5 – INTERROGATORIES

To be filed on or before March 1.

Interrogatories 1 and 2

If the response to Interrogatories 1 and 2 indicate that the reporting entity issues or has issued participating insurance, the reporting entity shall supply the response to these interrogatories and the actuarial opinion shall be supplied as an attachment to the annual statement.

The following interrogatories deal with dividends or refunds:

- i. Apportioned for payment during (year following year of statement); and
- ii. In effect as of January 1, (year following year of statement) that are illustrated for payment on new or existing business in (second year following year of statement) and later that are authorized for illustration by the reporting entity.

INSTRUCTIONS FOR ACTUARIAL OPINION

Process of Dividend or Refund Determination

Describe the general methods and procedures used to determine dividends or refunds. The term “refunds” is limited to amounts declared by Fraternal organizations, paid or payable, to its members. Experience rating refunds are excluded.

Description of Experience Factors

Describe the basis used in making any distinction in experience factors that underlie the determination of dividends or refunds. The description should specifically include the basis for the following:

- a. Investment income factors
- b. Claims factors
- c. Expense factors
- d. Termination factors
- e. Any other factors that may have a material effect on the dividends or refunds of any group of contracts.

Also, describe in a qualitative way any material changes made in the bases used to determine those factors.

Actuarial Interrogatories

- I. Has the contribution principle been followed in determining dividends or refunds? If not, describe.
- II. Has any material change occurred with respect to the determination of contract factors? If yes, describe.
- III. Have there been any changes in the scales of dividends or refunds on new or existing business authorized for illustration by the reporting entity? If yes, describe in general the changes that were made.
- IV. Have there been any changes in the scales of dividends or refunds apportioned for payment? If yes, describe in general the changes that were made.
- V. For each major block of business, indicate when the dividend or refund scale was last changed (including changes described in IV, above), and indicate the extent of such change in terms of the percentage by which dividends or refunds payable under the new scale exceeded or were less than those that would have been paid in the year of change had the scale not been changed.
- VI. Does the dividend or refund scale incorporate the use of projections or forecasts of experience factors for any period in excess of two years beyond the effective date of the scale? If yes, describe.
- VII. In the basis of determining investment income experience factors, state whether the reporting entity uses (a) a portfolio average approach, (b) an investment generation approach, or (c) a combination of the two approaches. If (b) or (c), describe the general basis used, including the issue year groupings.

VIII. With respect to contract loan provisions:

Describe how differences in such provisions affect dividends or refunds.

Does the dividend or refund scale contain any provision for varying the amount of dividend or refund in accordance with the extent to which an individual contract's loan provision is utilized? If yes, indicate the blocks of business where this treatment pertains, and describe the basis of variation used.

IX. Does the reporting entity pay termination dividends or refunds on its contracts? If yes:

- a. Are they payable on death, surrender, and maturity?
- b. Are they payable or credited either upon the commencement of nonforfeiture insurance or upon termination thereof by death, surrender, or maturity?
- c. Do they reflect the incidence, size, and growth of amounts that may be attributed to the contracts in question?

If the answer to a., b., or c. is no, describe the basis used.

X. Does the reporting entity maintain separate participating and non-participating accounts? If yes, describe the basis.

XI. Are any transfers made from a participating account to another participating, non-participating, or shareholders' account? If yes, describe the basis for the transfers.

XII. Does the undersigned believe there is a substantial probability that, because of expected deterioration of experience or for any other reason, the dividends or refunds illustrated on new or existing business cannot be supported for at least two years? If yes, explain why.

XIII. Describe any aspects of the determination of the dividend or refund scale not covered above that involve material departures from the Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of dividends or refunds.

XIV. Describe any material changes in the basis of determination of the dividend or refund scale that are not covered above.

The actuarial opinion should include a paragraph such as the following regarding dividends and refunds:

ACTUARIAL OPINION

"I, (name, title), am (relationship to Reporting Entity) and a Member of the American Academy of Actuaries. I have examined the actuarial assumptions and methods used in determining dividends or refunds under the dividend or refund scale for the individual participating life insurance contracts of the reporting entity issued for delivery in the United States. The dividends or refunds encompassed by this scale include:

- i. Apportioned for payment during (year following year of statement); and
- ii. In effect as of January 1, (year following year of statement) that are illustrated for payment on new or existing business in (second year following year of statement) and later that are authorized for illustration by the reporting entity.

My examination included such review of the actuarial assumptions and methods of the underlying basic records and such tests of the actuarial calculations, as I consider necessary. In my opinion, these dividends or refunds have been determined in accordance with Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of dividends or refunds except as described above.

Signature of Actuary

Date

Interrogatory 3

This interrogatory relates to the determination of nonguaranteed elements in individual life insurance and annuity contracts that provide for the adjustment of benefits, premiums or charges from time to time. For purposes of this question, the term “determination” shall mean both determination at issue and subsequent redetermination.

For the purpose of this interrogatory, “Individual Contracts” includes contracts issued under the “group” umbrella of any trust that does not have the discretion to select the reporting entity(ies) on behalf of all the individual reporting entities.

The specific types of business encompassed by this question include, but are not limited to, the following types of contracts if they contain nonguaranteed elements:

1. Single and periodic premium deferred annuities.
2. Universal Life contracts providing for fixed and/or flexible premiums.
3. Adjustable periodic premium life contracts, also known as indeterminate premium life contracts.
4. Single and periodic premium life contracts.
5. Renewable and convertible term insurance contracts which do not guarantee the premiums payable upon renewal, or which provide for renewal on the then current premium basis.

The term “nonguaranteed” does not apply to charges or benefits that contractually follow a separate account result or a defined index.

INSTRUCTIONS FOR ACTUARIAL OPINION

Determination Procedures

For all contracts subject to this interrogatory which were first introduced during the current year and for any other such contracts not previously reported, define the reporting entity's contract to be used in the process of determining nonguaranteed elements, with particular reference to the degree of discretion reserved for the reporting entity, together with the general methods and procedures which are expected to be used.

Actuarial Interrogatories

- I. Since this statement was last filed, have there been any changes in the values of nonguaranteed elements on new or existing business authorized for illustration by the reporting entity? If yes, describe the changes that were made.
- II. Since this statement was last filed, have there been any changes in the values of nonguaranteed elements actually charged or credited? If yes, describe the changes that were made.
- III. Indicate to what extent any change described in 1 or 2 varies from the contract and/or general methods and procedures last reported for the affected contracts.
- IV. Are the anticipated experience factors underlying any nonguaranteed elements different from current experience? If yes, describe in general terms the ways in which future experience is anticipated to differ from current experience and the nonguaranteed element factors that are affected by such anticipation.
- V. State whether anticipated investment income experience factors are based on: (a) a portfolio average approach, (b) an investment generation approach, or (c) other. If (b) or (c), describe the general basis used, including the investment generation groupings.
- VI. Describe how the reporting entity allocates anticipated experience among its various classes of business.
- VII. Does the undersigned believe there is a substantial probability that illustrations authorized by the reporting entity to be presented on new and existing business cannot be supported by currently anticipated experience? If yes, indicate which classes and explain.

VIII. Describe any aspects of the determination of nonguaranteed elements not covered above that involve material departures from the Actuarial Standards of Practice issued by the Actuarial Standards Board, applicable to the determination of nonguaranteed elements.

The actuarial opinion should include a paragraph such as the following regarding nonguaranteed elements:

ACTUARIAL OPINION

“I, (name, title), am (relationship to Company) and a Member of the American Academy of Actuaries. I have examined the actuarial assumptions and methods used in determining nonguaranteed elements for the individual life insurance and annuity contracts of the reporting entity used for delivery in the United States. The nonguaranteed elements included are those:

- i. Paid, credited, charged or determined in (year of statement); and
- ii. Authorized by the Reporting Entity to be illustrated on new and existing business during (year of statement).

My examination included such review of the actuarial assumptions and methods of the underlying basic records and such tests of the actuarial calculations, as I considered necessary. In my opinion, the nonguaranteed elements described above have been determined in accordance with Actuarial Standards of Practice issued by the Actuarial Standards Board applicable to the determination of nonguaranteed elements, except as described above.

Signature of Actuary

Date

Interrogatory 7

For purposes of this footnote disclosure, a synthetic GIC is defined as a contract, contract or agreement in which the insurance entity guarantees specified payouts under the terms of an employee benefit plan from assets not owned by the insurance entity.

Interrogatory 8

For purposes of this footnote disclosure, a Contingent Deferred Annuity is defined as an annuity contract that establishes a life insurer’s obligation to make periodic payments for the annuitant’s lifetime at the time designated investments, which are not owned or held by the insurer, are depleted to a contractually defined amount due to contractually permitted withdrawals, market performance, fees and/or other charges.

Interrogatory 9

For purposes of this footnote disclosure, a Guaranteed Lifetime Income Benefit is defined as a fixed deferred annuity contract, agreement or rider in which the insurance entity guarantees specified payouts during the lifetime of the insured(s) regardless of the performance of a contractual account value that is used to determine cash surrender values and traditional withdrawal benefits.

EXHIBIT 7 – DEPOSIT-TYPE CONTRACTS

To be filed on or before March 1.

This exhibit is intended to capture information about the activity, before and after any reinsurance, for deposit-type contracts as defined in *SSAP No. 52—Deposit-Type Contracts*.

- Column 2 – Guaranteed Interest Contracts (Without Life Contingencies)
- Include: Contracts that do not subject the reporting entity to any mortality or morbidity risk.
- Column 3 – Annuities Certain
- Include: Amounts settled under contracts without any mortality or morbidity risk, e.g., certain immediate annuity contracts; amounts associated with lottery payouts, structured settlements, income settlement options or other amounts where payments are for a fixed period or amount.
- Column 4 – Supplemental Contracts (Without Life Contingencies)
- Include: Amounts resulting from proceeds settled under a settlement option provision of a life or annuity contract without any mortality or morbidity risk.
- Column 5 – Dividend Accumulations, or Refunds
- Include: Amounts held on accounts related to contracts without any mortality or morbidity risk.
- Column 6 – Premium and Other Deposit Funds
- Include: Amounts not reported elsewhere in this exhibit for contracts that do not incorporate any mortality or morbidity risk.
- Line 2 – Deposits Received During the Year
- Include: Considerations or amounts from contract holders that increased the fund balance.
The amounts reported should be consistent with those reported on the Cash Flow page.
- Line 3 – Investment Earnings Credited to the Account
- Include: Amounts earned and/or credited to the account.
- Line 4 – Other Net Changes in Reserves
- Include: The net difference between periods when the reserve amount held differs from the accumulated account balance, including income accumulations less withdrawal and applicable surrender charges.
- Exclude: Interest earned and/or credited to the account reported in Line 3.

- Line 5 – Fees and Other Charges Assessed
- Include: Any fees or assessments to the account that reduce the balance and are reported as income by the company.
- Line 6 – Surrender Charges
- Include: Charges assessed for contract surrenders or withdrawals, e.g., early withdrawal penalties.
- Line 7 – Net Surrender or Withdrawal Payments
- Include: The net proceeds paid or payable (after deduction for surrender charges) to the contract holder.
- The amounts reported should be consistent with those reported on the Cash Flow page.
- Line 14 – Net Balance at the End of the Current Year After Reinsurance
- The amounts reported should be consistent with those reported on the Liability page.

Not for Distribution

SCHEDULE S – REINSURANCE

These parts (except Part 1 that shows reinsurance assumed) provide an analysis by reinsurance carrier of reinsurance ceded data shown in total in various parts of the statement. Information is included on all reinsurance ceded to other entities authorized as well as unauthorized or certified in the state of domicile of the reporting entity. Additional data for unauthorized companies is displayed in Part 4; additional data for certified reinsurers is displayed in Part 5.

NOTE: Certified reinsurer status applies on a prospective basis, and is determined by the state of domicile of the ceding insurer. As such, it is possible that a ceding insurer will report reinsurance balances applicable to a single assuming insurer under multiple classifications within Schedule S. For example, with respect to a certified reinsurer that was considered unauthorized prior to certification, balances attributable to contracts entered into prior to the assuming insurer's certification would be reported in the unauthorized classification, while balances attributable to contracts entered into or renewed on or after the assuming insurer's certification would be reported in the certified classification. Proper classification of such balances is essential to ensure accurate reporting of collateral requirements applicable to specific balances and the corresponding calculation of the liability for unauthorized and/or certified reinsurance.

Effective date as used in this schedule is the date the contract originally went into effect.

Where name of company is specified, show the full corporate name of the company to which reinsurance is ceded.

The reinsurance type should be entered in all capital letters, and all reinsurance types must be followed by /G (for Group) or /I (for Individual).

Illustration for reporting MODCO activity

From time to time, an entity that assumes the risk on a block of business may cede that same block to another entity. This type of transaction is often called a "retrocession." The following example illustrates the reporting. Entity A enters into a modified coinsurance arrangement with Entity B for new individual life insurance policies. At year-end the "modco" reserves held by Entity A totaled \$1,000. Concurrent with the agreement, Entity B enters into a similar arrangement with Entity C covering the same block of business. Entity A would list Entity B on Schedule S, Part 3 Section 1 with a type code of MCO/I and report \$1,000 in Column 14 along with the other relevant information. Entity B would list Entity A in Schedule S, Part 1 Section 1, with a type code of MCO/I and report \$1,000 in Column 8 and 11 along with the other relevant information. Entity B would also list Entity C in Schedule S, Part 3 Section 1, reporting \$1,000 in Column 14 along with the other relevant information. Entity C would list Entity B in Schedule S, Part 1, Section 1, reporting \$1,000 in Column 8 and 11 along with the other relevant information.

Index to Schedule S

- ** Part 1, Section 1 – Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
 - * Part 1, Section 2 – Reinsurance Assumed Accident and Health Insurance
 - * Part 2 – Reinsurance Recoverable on Paid and Unpaid Losses
 - ** Part 3, Section 1 – Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits
 - * Part 3, Section 2 – Reinsurance Ceded Accident and Health Insurance
 - * Part 4 – Reinsurance Ceded to Unauthorized Companies
 - * Part 5 – Reinsurance Ceded to Certified Reinsurers
 - * Part 6 – Five-Year Exhibit of Reinsurance Ceded Business
 - * Part 7 – Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance
- * These parts of Schedule S are included as part of the Health Annual Statement
- ** These parts of Schedule S are included as part of the Life Supplement to the Health Annual Statement

Due Date

To be filed on or before March 1.

ID Number

Most parts of Schedule S require that the “ID Number” be reported for assuming or ceding entities.

Reinsurance intermediaries should not be listed, because Schedule S is intended to identify only risk-bearing entities.

Use of Federal Employer Identification Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S.-domestic 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 S 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 for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

Pool and Association Numbers

In order to report transactions involving non-risk bearing pools or associations consisting of nonaffiliated companies correctly, the company must include on Schedule S 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.

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 S instead of the FEIN or Alien Insurer Identification Number (AIIN). The CRIN is assigned by the NAIC and is listed in the NAIC *Listing of Companies*. If a certified reinsurer does not appear in that publication, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned.

Newly assigned numbers are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC also provides this information to annual statement software vendors for incorporation into the software.

NAIC Company Code

Company codes are assigned by the NAIC and are listed in the NAIC *Listing of Companies*. The NAIC does not assign a company code to insurers domiciled outside of the U.S. or to non-risk bearing pools or associations. The “NAIC Company Code” field should be zero-filled for those organizations. Non-risk bearing pools or associations are assigned a Pool/Association Identification Number. See the “Pool and Association Numbers” section above for details on assignment of Pool/Association Identification Numbers. Risk-bearing pools or associations are assigned a company code. If a reinsurer or reinsured has merged with another entity, report the company code of the surviving entity.

If a risk-bearing entity (e.g., risk-bearing pools or associations) does not appear in the NAIC *Listing of Companies*, contact the NAIC Financial Systems and Services Department, Company Demographics Analyst at FDRCCREQ@NAIC.ORG for numbers assigned since the last publication or for information on having a number assigned. Newly assigned company codes are incorporated in revised editions of the NAIC *Listing of Companies*, which are available semi-annually. The NAIC provides this information to annual statement software vendors for incorporation into the software.

Domiciliary Jurisdiction

In those parts of Schedule S requiring disclosure of the “Domiciliary Jurisdiction,” for each domestic reinsurer or U.S. branch listed, the column should be completed with the state where the reinsurer maintains its statutory home office. For pools and associations, enter the state where the administrative office of such pool or association is located. For alien reinsurers, this column should be completed with the country where the alien is domiciled. Enter the two-character U.S. postal code abbreviation for the domiciliary jurisdiction for U.S. states, territories and possessions. A comprehensive listing of three-character (ISO Alpha 3) abbreviations for foreign countries is available in the appendix of these instructions.

Lloyd’s of London

The following procedure will apply as respects annual statement filings for 1995 and subsequent years:

Cessions to Lloyd’s under reinsurance agreements having an inception date on or before July 31, 1995, and which are not amended or renewed hereafter 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 S, Part 1 using the original collective Lloyd’s number, AA-1122000.

Dates

All dates reported in Schedule S must be in the format MM/DD/YYYY. For example, the date December 13, 2011 should be reported as 12/13/2011.

Determination of Authorized Status

The determination of the authorized, unauthorized or certified status of an insurer or reinsurer listed in any part of Schedule S 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 S, 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 S – PART 1 – SECTION 1

**REINSURANCE ASSUMED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES
WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURED
COMPANY AS OF DECEMBER 31, CURRENT YEAR**

To be filed on or before March 1.

This section should include data on all reinsurance assumed for life insurance, annuities, deposit fund and other liabilities without life or disability contingencies, and related benefits by reinsured company as of December 31, current year.

If a reporting entity has any detail lines reported for any of the following required groups, categories or sub-categories, 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 line and number:

<u>Group or Category</u>	<u>Line Number</u>
General Account	
Affiliates	
U.S.	
Captive.....	0199999
Other.....	0299999
Total.....	0399999
Non-U.S.	
Captive.....	0499999
Other.....	0599999
Total.....	0699999
Total Affiliates.....	0799999
Non-Affiliates	
U.S. Non-Affiliates.....	0899999
Non-U.S. Non-Affiliates.....	0999999
Total Non-Affiliates.....	1099999
Total General Account.....	1199999
Separate Accounts	
Affiliates	
U.S.	
Captive.....	1299999
Other.....	1399999
Total.....	1499999
Non-U.S.	
Captive.....	1599999
Other.....	1699999
Total.....	1799999
Total Affiliates.....	1899999
Non-Affiliates	
U.S. Non-Affiliates.....	1999999
Non-U.S. Non-Affiliates.....	2099999
Total Non-Affiliates.....	2199999
Total Separate Accounts.....	2299999
Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999).....	2399999
Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999).....	2499999
Total (Sum of 1199999 and 2299999).....	9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 5 – 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.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Assumed

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.)

Abbreviations:

I	Individual	All Reinsurance Types should be followed by /I or /G.
G	Group	

REINSURANCE TYPES

CO	Coinsurance	ACO	Annuity coinsurance
COFW	Coinsurance with funds withheld	ACOFW	Annuity coinsurance with funds withheld
MCO	Modified coinsurance	AMCO	Annuity modified coinsurance
MCOFW	Modified coinsurance with funds withheld	AMCOFW	Annuity modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	ACOMB	Annuity combination coinsurance/modified coinsurance
COMBW	Combination coinsurance/modified coinsurance with funds withheld	ACOMBW	Annuity combination coinsurance/modified coinsurance with funds withheld
YRT	Yearly renewable term	GMDB	Guaranteed minimum death benefit
YRTFW	Yearly renewable term with funds withheld	GMDBFW	Guaranteed minimum death benefit funds withheld
CAT	Catastrophe	ADB	Accidental death benefit
OTH	Other reinsurance	DIS	Disability benefits

NOTE: The insurance type should be entered in all capital letters.

- Column 7 – Amount of In Force at End of Year
- For catastrophe-reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB) and annuity reinsurance (ACO and AMCO), leave this Column blank.
- Column 9 – Premiums
- To agree with Underwriting and Investment Exhibit, Part 1, Line 10, Column 2.
- For deposit funds and other liabilities without life or disability contingencies, leave this Column blank.
- Column 10 – Reinsurance Payable on Paid and Unpaid Losses
- For deposit funds and other liabilities without life or disability contingencies, leave this Column blank.
- Column 11 – Modified Coinsurance Reserve
- Report the amount of reserves held by the ceding company under modified coinsurance contracts. Include separate accounts modified coinsurance reserves. See examples for MODCO transactions contained in the general instructions for Schedule S.
- Column 12 – Funds Withheld Under Coinsurance
- Report the amount of funds withheld by the ceding company on coinsurance contracts.

Not for Distribution

SCHEDULE S – PART 3 – SECTION 1

REINSURANCE CEDED LIFE INSURANCE, ANNUITIES, DEPOSIT FUNDS AND OTHER LIABILITIES WITHOUT LIFE OR DISABILITY CONTINGENCIES, AND RELATED BENEFITS LISTED BY REINSURING COMPANY AS OF DECEMBER 31, CURRENT YEAR

To be filed on or before March 1.

NOTE: This schedule is to include Exhibit 7 (life supplement) cessions. Include actual reinsurance ceded on group cases but exclude jointly underwritten group contracts.

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 line and number:

	<u>Group or Category</u>	<u>Line Number</u>
General Account		
Authorized		
Affiliates		
U.S.		
Captive.....		0199999
Other		0299999
Total.....		0399999
Non-U.S.		
Captive.....		0499999
Other		0599999
Total.....		0699999
Total Authorized Affiliates		0799999
Non-Affiliates		
U.S. Non-Affiliates		0899999
Non-U.S. Non-Affiliates.....		0999999
Total Authorized Non-Affiliates.....		1099999
Total General Account Authorized		1199999
Unauthorized		
Affiliates		
U.S.		
Captive.....		1299999
Other		1399999
Total.....		1499999
Non-U.S.		
Captive.....		1599999
Other		1699999
Total.....		1799999
Total Unauthorized Affiliates		1899999
Non-Affiliates		
U.S. Non-Affiliates		1999999
Non-U.S. Non-Affiliates.....		2099999
Total Unauthorized Non-Affiliates		2199999
Total General Account Unauthorized.....		2299999

Certified			
	Affiliates		
	U.S.		
	Captive.....	2399999	
	Other	2499999	
	Total.....	2599999	
	Non-U.S.		
	Captive.....	2699999	
	Other	2799999	
	Total.....	2899999	
	Total Certified Affiliates.....	2999999	
	Non-Affiliates		
	U.S. Non-Affiliates	3099999	
	Non-U.S. Non-Affiliates.....	3199999	
	Total Certified Non-Affiliates.....	3299999	
	Total General Account Certified	3399999	
	Total General Account Authorized, Unauthorized and Certified	3499999	
Separate Accounts			
	Authorized		
	Affiliates		
	U.S.		
	Captive.....	3599999	
	Other	3699999	
	Total.....	3799999	
	Non-U.S.		
	Captive.....	3899999	
	Other	3999999	
	Total.....	4099999	
	Total Authorized Affiliates	4199999	
	Non-Affiliates		
	U.S. Non-Affiliates	4299999	
	Non-U.S. Non-Affiliates.....	4399999	
	Total Authorized Non-Affiliates.....	4499999	
	Total Separate Accounts Authorized.....	4599999	
	Unauthorized		
	Affiliates		
	U.S.		
	Captive.....	4699999	
	Other	4799999	
	Total.....	4899999	
	Non-U.S.		
	Captive.....	4999999	
	Other	5099999	
	Total.....	5199999	
	Total Unauthorized Affiliates	5299999	
	Non-Affiliates		
	U.S. Non-Affiliates	5399999	
	Non-U.S. Non-Affiliates.....	5499999	
	Total Unauthorized Non-Affiliates	5599999	
	Total Separate Accounts Unauthorized.....	5699999	

Certified

Affiliates

U.S.	
Captive.....	5799999
Other	5899999
Total.....	5999999
Non-U.S.	
Captive.....	6099999
Other	6199999
Total.....	6299999
Total Certified Affiliates.....	6399999

Non-Affiliates

U.S. Non-Affiliates	6499999
Non-U.S. Non-Affiliates.....	6599999
Total Certified Non-Affiliates.....	6699999

Total Separate Accounts Certified.....6799999

Total Separate Accounts Authorized, Unauthorized and Certified.....6899999

Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999) 6999999

Total Non-U.S. (Sum of 0699999, 0999999, 1799999, 2099999, 2899999, 3199999, 4099999, 4399999, 5199999, 5499999, 6299999 and 6599999) 7099999

Total (Sum of 3499999 and 6899999) 9999999

Column 2 – ID Number

Enter one of the following as appropriate for the entity being reported on the schedule. See the Schedule S General Instructions for more information on these identification numbers.

- Federal Employer Identification Number (FEIN)
- Alien Insurer Identification Number (AIIN)
- Certified Reinsurer Identification Number (CRIN)
- Pool/Association Identification Number

Column 5 – 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.

If a reinsurer has merged with another entity, report the domiciliary jurisdiction of the surviving entity.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.)

Abbreviations:

I	Individual
G	Group

{ All Reinsurance Types should be followed by /I or /G.

REINSURANCE TYPES

CO	Coinsurance	ACO	Annuity coinsurance
COFW	Coinsurance with funds withheld	ACOFW	Annuity coinsurance with funds withheld
MCO	Modified coinsurance	AMCO	Annuity modified coinsurance
MCOFW	Modified coinsurance with funds withheld	AMCOFW	Annuity modified coinsurance with funds withheld
COMB	Combination coinsurance/modified coinsurance	ACOMB	Annuity combination coinsurance/modified coinsurance
COMBW	Combination coinsurance/modified coinsurance with funds withheld	ACOMBW	Annuity combination coinsurance/modified coinsurance with funds withheld
YRT	Yearly renewable term	GMDB	Guaranteed minimum death benefit
YRTFW	Yearly renewable term with funds withheld	GMDBFW	Guaranteed minimum death benefit funds withheld
CAT	Catastrophe	ADB	Accidental death benefit
OTH	Other reinsurance	DIS	Disability benefits

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Type of Business Ceded

Use only one of the following codes per line to identify the type of business ceded. If there is more than one type of business ceded to the same reinsurance company, show each type on a separate line.

Abbreviations:

IL	Industrial Life	FL	Fixed Annuities
XXXL	XXX Life	IA	Indexed Annuities
XXXLO	XXX Life Other	VGAA	Variable General Account Annuities
AXXX	AXXX Life	VSAA	Variable Separate Account Annuities
CL	Credit Life	OA	Other Annuities
SC	Supplementary Contracts	OL	Other Life

NOTE: The Type of Business Ceded code should be entered in all capital letters.

All types of business shown above are as reported in the Analysis of Operations by Lines of Business and the Analysis of Annuity Operations by Lines of Business except as noted below:

XXX Life: Used to describe the actuarial reserves required to be held under Section 6 of the NAIC *Valuation of Life Insurance Policies Model Regulation* (#830) (other than risk ceded to an assuming insurer for policies eligible for exemption under Section 6F, Section 6G, Section 6H or to the portion of the reserve pursuant to YRT Reinsurance under Section 6E), which is commonly referred to as Regulation XXX (or, more simply, XXX).

XXX Life Other: Used to describe the actuarial reserves required to be held under Section 6 of the NAIC *Valuation of Life Insurance Policies Model Regulation* (#830) for risk ceded to an assuming insurer for policies described under Section 6F, Section 6G, Section 6H or to the portion of the reserve pursuant to YRT Reinsurance under Section 6E, which is commonly referred to as Regulation XXX (or, more simply, XXX).

AXXX Life: Used to describe the actuarial reserves required to be held under Section 7 of Regulation XXX as further clarified by the NAIC *Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation* (AG 38), which is commonly referred to as AXXX.

OL Other Life Used for ceded life business not appropriately included in one of the other life categories in the table above.

Column 8 – Amount in Force at End of Year

Report the ceded amount of the basic life insurance policy only.

For catastrophe-reinsurance (CAT), disability reinsurance (DIS), accidental death benefit reinsurance (ADB) and annuity reinsurance (ACR) and AMCO), leave this Column blank.

Column 9 – Reserve Credit Taken Current Year

To agree with appropriate lines in Exhibit 5 (life supplement) and Exhibit 7 (life supplement). See examples for model transactions contained in the general instructions for Schedule S.

Column 11 – Premiums

Amounts included in this Column should represent reinsurance ceded premiums on an incurred basis, to agree with Line 10 of Underwriting and Investment Exhibit, Part 1, Column 3.

For deposit funds and other liabilities without life or disability contingencies, leave this Column blank.

Columns 12 – Outstanding Surplus Relief – Current Year and
Columns 13 – Outstanding Surplus Relief – Prior Year }

Outstanding surplus relief means the amount of surplus not yet reported as income in Commissions and Expense Allowance on Reinsurance Ceded, attributable to reinsurance agreements described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

Report the amount of initial commissions and expense allowance not yet recovered by the reinsurer for the following types of treaties (individual or group): CO, ACO, MCO, AMCO, COFW, ACOFW, MCOFW, AMCOFW, COMB or ACOMB. This Column does not apply to CAT, DIS, ADB, YRT or other non-proportional reinsurance treaties.

Include the outstanding surplus resulting from reinsurance of separate accounts business.

Column 14 – Modified Coinsurance Reserve

Report the amount of reserves held under modified coinsurance contracts. Include separate accounts modified coinsurance reserves.

Column 15 – Funds Withheld Under Coinsurance

Report the amount of funds withheld on coinsurance contracts.

Not for Distribution

STATE PAGE

To be filed on or before March 1. Only companies licensed as Life, Accident & Health insurers should complete this schedule.

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 or direct losses incurred. To other states in which the company is licensed it should submit only a schedule for that state.

Direct premiums by state may be estimated by formula on the basis of countrywide ratios for the respective lines of business except where adjustments are required to recognize special situations.

Company's participation in the FEGLI and SGLI policies is shown in this exhibit as direct business.

This exhibit should be shown excluding reinsurance assumed. Reinsurance ceded should not be deducted.

Column 2 – Credit Life (Group and Individual)

Include: Business not exceeding 120 months duration.

Column 5 – Total

Line 1 – Direct Premiums for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Line 2 – Direct Annuity Considerations for Life Contracts Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

} and }

The amounts reported should be consistent with those reported on Schedule T, Column 6.

Line 3 – Deposit-type Contracts Funded

Report all deposits and other amounts received for contracts without any mortality and morbidity risk and not reported on Line 1, Line 2 or Line 4. The amounts reported should be consistent with those reported on Schedule T, Column 9.

Line 4 – Other Considerations

Include: Unallocated annuity considerations and other unallocated deposits which incorporate any mortality or morbidity risk and are not reported on Line 1, Line 2 or Line 3. See the instructions to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit and Adjustments to the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit for allocated and unallocated annuities. Report allocated annuities in Line 2.

Line 6 – Life Insurance Direct Dividends to Policyholders Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

Line 7 – Annuity Direct Dividends to Policyholders Excluding Reinsurance Assumed and Without Deduction of Reinsurance Ceded

} and }

Report dividends paid or left on deposit, dividends applied to pay premiums or considerations, or applied to provide paid-up additions or annuities. Also report dividends used to shorten the endowment or premium paying period.

Line 13 – Aggregate Write-ins for Miscellaneous Direct Claims and Benefits Paid

Enter the total of the write-ins listed in schedule Detail of Write-ins Aggregated at Line 13 for Miscellaneous Direct Claims and Benefits Paid.

Lines 24
to 26

– Accident and Health Insurance

Report health premiums collected during the year, excluding reinsurance accepted and without deduction of reinsurance ceded.

Report on Line 24.1 those premiums, dividends and losses allocable to the Federal Employees Health Benefits Plan premiums that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.

For Line 24.2, include business not exceeding 120 months' duration.

For Line 25, the development of data into various health policy categories should be done by inventory of the policy records.

Details of Write-ins Aggregated on Line 13 for Miscellaneous Direct Claims and Benefits Paid

List separately each category of direct claims and benefits paid for which there is no pre-printed line on the state page.

For Health Business: – Complete the information below the Accident and Health block regarding number of persons covered under PPO managed care products and number of persons covered under indemnity only products. Include in PPO business health insurance products that provide access to higher level of benefits whenever participating provider networks are used.

Not for Distribution

LIFE, HEALTH AND ANNUITY GUARANTY ASSOCIATION MODEL ACT ASSESSMENT BASE RECONCILIATION EXHIBIT

To be filed on or before April 1.

The exhibit for any state, District of Columbia, and Puerto Rico in which the company is licensed should be submitted to that jurisdiction. In addition, an exhibit should be prepared for any state, District of Columbia, and Puerto Rico in which the company received any direct premiums or deposits. DO NOT SUBMIT exhibits for American Samoa, Guam, U.S. Virgin Islands, Canada, Northern Mariana Islands and other alien jurisdictions. A copy of each jurisdiction and a grand total page for the exhibits that are submitted should be sent to the state of domicile and the NAIC Support and Services Office.

The Columnar headings correspond to the annual statement, Schedule T as follows:

<u>Health Blank Schedule T</u>	<u>Col. 6</u>	<u>Col. 6</u>	<u>Col. 2-5</u>	<u>Col. 9</u>	<u>Col. 6</u>
	Life Contracts – Life Insurance Premiums	Life Contracts – Annuity Considerations	Accident and Health Insurance Premiums	Deposit-type Contract Funds	Other Considerations
<u>Base Exhibit</u>	<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 4</u>
	Life Insurance Premiums	Annuity considerations	A & H Premiums	Deposit-type Contract Funds	Other Considerations

In the event that this detailed information is not available in the reporting entity’s accounting records, recognized allocation to estimation processes may be utilized if consistently applied.

Adjustments to the exhibit may be required by states that have not adopted the Model Act.

PURPOSE OF THE LIFE, HEALTH AND ANNUITY GUARANTY ASSOCIATION MODEL ACT ASSESSMENT BASE RECONCILIATION EXHIBIT

It is desirable to display on one page the various types of annuity considerations, deposit-type contract funds and other considerations received directly by the reporting entity, separated by state, as is currently reported in Schedule T; but, it is not possible to use such data for state guaranty association assessments without further modification. This is because of: (a) the limits placed on certain considerations for assessment purposes, (b) the variations by states in designation of “funds” for assessments, and (c) other factors that are interpreted differently by the individual states.

As a result, the NAIC has developed a specific exhibit, the Life, Health & Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit (the “Base Reconciliation Exhibit”) that uses the state figures in Schedule T as the starting point for development of the guaranty association assessment base (as defined in the NAIC Life and Health Insurance Guaranty Association Model Act). States should not use Schedule T as the basis for guaranty association assessments, but instead use the Base Reconciliation Exhibit as the starting point.

Introduction

These instructions are intended to assist companies in completing the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit (Base Reconciliation Exhibit) and Adjustments to the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit (the Adjustments Exhibit).

The Base Reconciliation Exhibit starts with premiums, deposit-type contract funds and other considerations as reported in Schedule T and then makes necessary adjustments (both positive and negative) to establish the premium assessment base as defined by the current NAIC Life and Health Insurance Guaranty Association Model Act (NAIC Model Act). The Base Reconciliation Exhibit must be completed for each state (as well as the District of Columbia and Puerto Rico) in which the company is licensed or does business.

The Base Reconciliation Exhibit has four Columns: Column 1 is for all individual and group life insurance premiums; Column 2 is for all individual and group allocated annuity amounts (whether called premiums, deposit-type contract funds, or other considerations); Column 3 is for all individual and group accident and health premiums; and Column 4 is for all unallocated annuity amounts (whether called premiums, deposit-type contract funds, or other considerations).

Base Reconciliation Exhibit

Premiums, Considerations and Deposits from Schedule T

- Line 1 – Enter Life Insurance Premiums (Schedule T, Column 6 (in part)) in Column 1, Annuity Considerations (Schedule T, Column 6 (in part)) in Column 2, Accident and Health Premiums (Schedule T, Column 2-5) in Column 3, and Deposit-Type Contract Funds and Other Considerations (Schedule T, Columns 6 (in part) and Column 9) in Column 4. THESE AMOUNTS MUST EXACTLY MATCH THE AMOUNTS REPORTED BY YOUR COMPANY ON SCHEDULE T for Life Business.

Modifications to Premiums, Considerations and Deposits

Lines 2 through 10 are required to adjust amounts reported on your company's Annual Statement Schedule T to its Assessable Premium Base and are critical in transforming premium data prepared for Annual Statement purposes into data suitable for Guaranty Association purposes.

- Line 2 – Enter any premiums, deposit-type contract funds and other considerations, received by your company that were not reported on Schedule T and therefore not included on Line 1 above. The total of Line 2 should equal Line 2.1 + Line 2.2. Such amounts should be reported in the appropriate Column based on whether such amounts relate to life insurance, annuity, accident and health, or annuity and deposit-type business. Include all amounts received for insurance contracts, Guaranteed investment contract receipts, universal life insurance deposits and any other amounts received by the company for covered contracts that were not reported on the company's Schedule T (sometimes referred to as FASB 97 deposit reporting), must be reported on Line 2. Annuity amounts entered on Lines 1 and 2 must include, but are not limited to, amounts received for immediate or deferred annuity contracts, structured settlement agreements, lottery contracts, group annuity contracts, guaranteed interest or investment contracts, deposit administration contracts and allocated or unallocated funding obligations. In addition, allocate by state and include on Line 2 amounts reported on Schedule T as Company Contributions for Employee Benefit Plans (Line 60 of Schedule T), Dividends Applied to Purchase Paid-Up Additions and Annuities, Dividends Applied to Shorten Endowment or Premium-Paying Period, Premium or Annuity Considerations Waived under Disability or Other Contract Provisions, and Aggregate Other Amounts Not Allocable by State.
- Line 2.1 – Enter fees and charges for investment management, administration and contract guarantees from the Separate Account associated with variable contracts reduced by any contractholder dividends representing a return of such fees and charges. Specifically, in the case of variable annuity products, those portions of fees and charges paid to the general account with respect to living and death benefit guarantees, M&E charges and annual contract charges. In the case of variable life products with guaranteed death benefits, the portion of fees/charges paid to the general account would include the cost of insurance in addition to M&E charges and annual contract charges. Because the fees and charges are reportable by state, a reporting entity may use either a seriatim, i.e., specific contract identification by state, or an allocation method. An appropriate allocation method would be to calculate a ratio of fee income to total variable premium for the product line and multiply the ratio by the state specific variable premium.
- Line 2.2 – Enter any other premiums, deposit-type contract funds and other considerations, received by your company that were not reported on Schedule T.

Lines 3.1-
3.99

- The primary purpose of Lines 3.1 to 3.99 is to add back amounts that as a result of statutory accounting practices were deducted from the amounts reported on Line 1 or 2. For the most part these deductions represent current year benefit payouts, transfers, surrenders or withdrawals.

Enter any amounts deducted prior to determining amounts included in Lines 1 and 2. Companies reporting net amounts on Lines 1 and 2 must complete Lines 3.1 through 3.99 in order to provide gross premiums and deposits. Amounts reported on these lines should include transfers to separate accounts, GIC rollovers to other companies, surrenders, excess interest, and any other amounts deducted from or not included in the company's gross premium figures. Amounts that were reported as "Deposit-Type Contract Funds and Other Considerations" (Column 4) in the year of receipt and transferred in the current year to "Annuity Considerations" (Column 2), as individuals are "annuitized" are to be included on Line 3.3 of Column 4 if these amounts were deducted from the amounts reported on Lines 1 or 2.

As an example, most pension plan unallocated annuities provide for the purchase of an annuity payout benefit ("annuitization") for an individual. In the year of the receipt of the consideration for the unallocated annuity that consideration, subject to limitations, is to be included in the total assessment base reported in Line 11, Column 4. In the year of annuitization, the amounts transferred to fund the annuity payout benefits are to be included in the total assessment base reported in Line 11, Column 2. There should be no corresponding reduction to the total assessment base reported in Line 11, Column 4 for the amount transferred to fund the annuitization to the extent that such amounts would not have been included in an assessment base. When an annuity payout benefit is, pursuant to that contract, purchased for an individual from monies previously deposited with the Company, it is assumed that there is no new contract, rather it is an internal rollover of funds, i.e., and the Company has received no new funds.

In order to correctly report amounts subject to assessment in Columns 2 and 4, companies should maintain transaction level detail for each deposit type contract. On a cumulative basis, the assessable premium can never be less than \$0 on any given contract. For example, the following will illustrate the correct reporting of deposit type contracts that partially or fully annuitize in a model act state (i.e., assessable premium up to \$5M per unallocated annuity contract). The amount reported on Line 7.4 is a balancing amount such that the assessable premium for any unallocated contract never exceeds \$5M nor is less than \$0 over the life of the contract. The same approach applies to any state that covers unallocated annuities, irrespective of the limits. In this example, there is a \$50M unallocated contract in year 1 and the company reports \$5M in Column 4. If the contract is completely annuitized in year 2, the company must report \$50M in Column 2 as allocated premium and \$50M on Line 3.3 (as an add-back) in the unallocated premium Column. The Company should report a deduction of \$5M on Line 7.4 in Column 4 in the second year, since it has reported the full \$50M received in Column 2 by the end of the second year. On a cumulative basis, \$0 is reported in Column 4. The company has not subjected to assessment, more premiums than it has received.

Not For Distribution

(Millions of Dollars)

Example Contract		YEAR 1			YEAR 2		
		Col. 2	Col. 4		Col. 2	Col. 4	
Deposit	50	X	X		0	X	X
Annuitize	0	X	X		50	X	X
Amt. Rep. Lines 1 & 2	X	0	50		X	50	-50
Amt. Rep. Line 3.3	X	X	0		X	0	50
Amt. Rep. Line 5	X	0	50		X	50	0
Amt. Rep. Line 7.4	X	X	45		X	0	5
Amt. Rep. Line 11	X	0	5		X	50	-5
Cumulative All Years Line 11	X	0	5		X	50	0

Four additional examples will further illustrate the correct reporting of deposit type contracts that partially or fully annuitize in a model act state. In these examples, it can be seen that at any point in time, the Company has never included more in the assessable premium base (Columns 2 and 4 combined) than what was received by the Company over that period of time. Also, the Company never included more than \$5M of assessable premium in Column 4 at any point in time.

(Millions of Dollars)

Contract #1		Yr 1		Yr 2		Yr 3		Yr 4		Yr 5		Cum						
		Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4					
Deposit	5	X	X	5	X	X	5	X	X	5	X	X	25	X	X			
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X			
Amt. Rep. Lines 1 & 2	X	1	4	X	3	2	X	2	3	X	1	4	X	8	-3	X	15	10
Amt. Rep. Line 3.3	X	X	1	X	3	X	X	2	X	X	1	X	X	8	X	X	15	
Amt. Rep. Line 5	X	1	X	3	5	X	2	5	X	1	5	X	8	5	X	15	25	
Amt. Rep. Line 7.4	X	X	1	X	4	X	X	5	X	X	5	X	X	5	X	X	20	
Amt. Rep. Line 11	X	1	4	X	3	1	X	2	0	X	1	0	X	8	0	X	15	5
Cumulative All Years Line 11	X	1	4	X	4	5	X	6	5	X	7	5	X	15	5	X	X	X

For Contract #1, the Company received \$25M of deposits and included \$20M in the assessable premium base (\$15M as annuity considerations and \$5M as deposit funds) over the five (5) year period.

(Millions of Dollars)

Contract #2		Yr 1			Yr 2			Yr 3			Yr 4			Yr 5			Cum	
		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4
Deposit	10	X	X	10	X	X	5	X	X	5	X	X	5	X	X	35	X	X
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	28	X	X	35	X	X
Amt. Rep. Lines 1 & 2	X	1	9	X	3	7	X	2	3	X	1	4	X	28	-23	X	35	0
Amt. Rep. Line 3.3	X	X	1	X	X	3	X	X	2	X	X	1	X	X	28	X	X	35
Amt. Rep. Line 5	X	1	10	X	3	10	X	2	5	X	1	5	X	28	X	X	35	35
Amt. Rep. Line 7.4	X	X	5	X	X	10	X	X	5	X	X	5	X	X	10	X	X	35
Amt. Rep. Line 11	X	1	5	X	3	0	X	2	0	X	1	0	X	28	-5	X	35	0
Cumulative All Years Line 11	X	1	5	X	4	5	X	6	5	X	7	5	X	35	0	X	X	X

For Contract #2, the Company received \$35M of deposits and included \$35M in the assessable premium base (\$35M as annuity considerations and \$0M as deposit funds) over the five (5) year period.

(Millions of Dollars)

Contract #3		Yr 1			Yr 2			Yr 3			Yr 4			Yr 5			Cum	
		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4		Col 2	Col 4
Deposit	10	X	X	10	X	X	0	X	X	0	X	X	0	X	X	20	X	X
Annuitize	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15	X	X
Amt. Rep. Lines 1 & 2	X	1	9	X	3	7	X	2	-2	X	1	-1	X	8	-8	X	15	5
Amt. Rep. Line 3.3	X	0	1	X	X	3	X	X	2	X	X	1	X	X	8	X	X	15
Amt. Rep. Line 5	X	1	10	X	3	10	X	2	0	X	1	0	X	8	0	X	15	20
Amt. Rep. Line 7.4	X	0	5	X	X	10	X	X	0	X	X	0	X	X	0	X	X	15
Amt. Rep. Line 11	X	1	5	X	3	0	X	2	0	X	1	0	X	8	0	X	15	5
Cumulative All Years Line 11	X	1	5	X	4	5	X	6	5	X	7	5	X	15	5	X	X	X

For Contract #3, the Company received \$20M of deposits and included \$20M in the assessable premium base (\$15M as annuity considerations and \$5M as deposit funds) over the five (5) year period.

(Millions of Dollars)

Contract #4		Yr 1		Yr 2		Yr 3		Yr 4		Yr 5					Cum			
		Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4	Col 2	Col 4		Col 2	Col 4		
Deposit	5	X	X	5	X	X	5	X	X	5	X	X	5	X	X	25	X	X
Annuitize	1	X	X	6	X	X	0	X	X	0	X	X	8	X	X	15	X	X
Amt. Rep. Lines 1 & 2	X	1	4	X	6	-1	X	0	5	X	0	5	X	8	-3	X	15	10
Amt. Rep. Line 3.3	X	X	1	X	X	6	X	X	0	X	X	0	X	X	8	X	X	15
Amt. Rep. Line 5	X	1	5	X	6	5	X	0	5	X	0	5	X	8	5	X	15	25
Amt. Rep. Line 7.4	X	X	1	X	X	6	X	X	3	X	X	5	X	X	5	X	X	20
Amt. Rep. Line 11	X	1	4	X	6	-1	X	0	2	X	0	0	X	8	0	X	15	5
Cumulative All Years Line 11	X	1	4	X	7	3	X	7	5	X	7	5	X	15	5	X	X	X

For Contract #4, the Company received \$25M of deposits and included \$20M in the assessable premium base (\$15M as annuity considerations and \$5M as deposit funds) over the five (5) year period. Contract #4 is different than Contract #1 in that after Year 2, only \$3M has been included in Column 4 since \$7M of the \$10M of deposits received has annuitized. For Year 3, \$2M is included in Column 4, bringing the cumulative total to \$5M, since a total of \$15M has been received, but only \$7M has annuitized.

You must provide a clear explanation of any amounts listed on Lines 3.501, 3.502, 3.503, etc. Line 3.99 (Total), should represent the difference between gross and net premiums for each Column.

- Line 4.1 – Transfer amounts received to fund annuity contracts qualified under Internal Revenue Code Section 403(b) (sometimes referred to as tax-sheltered annuities) from the Annuity Considerations Column (Column 2) to the Deposit-Type Contract Funds and Other Considerations Column (Column 4). Companies that report 403 (b) annuity amounts in the Life Contracts – Annuity Considerations column for Schedule T purposes, should complete this transfer line. All 403(b) amounts in that Column should be transferred to Column 4 of the Base Reconciliation Exhibit, whether the 403(b) contract was issued to a governmental or non-governmental policyholder. The amount entered as a negative in the Annuity Considerations Column must exactly match the amount entered as a positive in the Deposit-Type Contract Funds and Other Considerations Column.

NOTE: In 1995, the NAIC adopted changes to Section 6.A (1)(b) and 6.A (1)(c) of the Life and Health Insurance Guaranty Association Model Act which effectively reclassify contracts issued under a governmental retirement plan established under Section 401, 403(b) or 457 of the United States Internal Revenue Code from the unallocated annuity to the allocated annuity account (non-governmental 401 and 403(b) contracts funded by an unallocated annuity contract remain in the unallocated annuity account). Although now inconsistent with the adopted change, Base Exhibit, Line 4.1 must continue to be completed in accordance with the instructions in the preceding paragraph since no state has yet adopted this change. Changes to future annual statement instructions, forms or formula charts will be considered at such future date if and when adopted by individual state(s).

- Line 4.2 – Transfer any allocated annuity amounts included in the Deposit-Type Contract Funds and Other Considerations Column (Column 4) to the Annuity Considerations Column (Column 2), except for amounts received to fund annuity contracts qualified under Internal Revenue Code Section 403(b) contracts. This includes all allocated annuity contracts, regardless of whether the annuity is in deferred or payout status, whether the annuity is group or individual, and whether the annuity is qualified or non-qualified for tax purposes.

According to the NAIC Model Act, an “unallocated annuity contract means any annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by a reporting entity under such contract or certificate. An annuity is considered allocated unless it is unallocated. Examples of unallocated annuity contracts might be guaranteed investment contracts, deposit administration contracts, and unallocated funding agreements where no contract or agreement issued by the reporting entity, nor any certificate issued by the reporting entity there under, guarantees individual benefits to specifically identified individuals.

Group annuities may be allocated or unallocated (the term “unallocated” is synonymous with the term “group”). A group contract or certificate that guarantees annuity benefits to an individual (this is not the guarantee typically found in a guaranteed investment contract or deposit administration contract which allows the pension trustee or administrator to purchase an annuity for a plan participant at a guaranteed purchase rate) should be considered allocated. In addition to contracts under which periodic payments are being made to individuals, group annuity contracts should be considered allocated if the reporting entity is obligated under the contract upon the request of an individual (or his or her beneficiary) to make either partial or full cash withdrawal payments, which may be subject to plan or statutory restrictions, to the individual (or his or her beneficiary).

The reporting entity will be considered to be obligated upon the request of an individual to make either partial or full cash withdrawal payments if withdrawals or death benefit payments are made from that participant’s account maintained (by the reporting entity or its designee) under the terms of the group annuity contract and regardless of whether such requests are submitted to the reporting entity directly by the individual (or his or her beneficiary) or indirectly through the plan trustee, administrator, sponsor or contract holder at the direction of the individual. As discussed in Line 4.1, the NAIC adopted a change to the model act that reclassifies governmental retirement plans established under Section 401, 403(b) and 457 of the Internal Revenue Code to the allocated annuity account. However, until adopted by a state legislature, 403(b) annuities should remain in the Deposit-type Contract Funds and Other Considerations Column (Column 4) to be consistent with existing statutes which require that these contracts be included with unallocated annuities for assessment purposes where applicable. Note that the amount entered as a negative in the Deposit-Type Contract Funds and Other Considerations Column must exactly match the amount entered as a positive in the Annuity Considerations Column.

- Line 4.3 – Transfer any unallocated annuity amounts included in the Annuity Considerations Column (Column 2) to the Deposit-Type Contract Funds and Other Considerations Column (Column 4). The amount entered as a negative in the Annuity Considerations Column must exactly match the amount entered as a positive in the Deposit-Type Contract Funds and Other Considerations Column.

Development of Amounts Included in Lines 1 through 5 That Should Be Deducted in Determining the Base

Lines 6 through 9.99 are deductions from assessable premium based on the NAIC Model Act provisions. Companies must be careful not to deduct the same premium or deposits on more than one line. For example, amounts deducted on Line 6.1 as non-guaranteed separate account deposits should not be deducted a second time on Line 7.3 if those separate account deposits represent unallocated annuity deposits for a pension plan contract in excess of \$5 million. Companies may only deduct amounts on Lines 6 through 9.99 (except for amounts on Line 8) to the extent those amounts have been included on Lines 1 through 5 of the Base Reconciliation Exhibit.

Lines 6.01–
6.99

- Enter amounts received for any portion of a policy or contract not guaranteed by the reporting entity, or under which the investment risk is borne entirely by the policy or contract holder. These amounts are those specified at the time of deposit as intended for deposit in separate accounts. Amounts entered on these lines are typically non-guaranteed separate account premiums. DO NOT INCLUDE on these lines amounts transferred to any guaranteed separate accounts. Two types of annuity contracts that should NOT be reported on Line 6 are: (i) modified guaranteed annuities, market-adjusted annuities, or other contracts where the amounts payable on at least one future date do not (or may not) depend solely on the investment performance of assets in the separate accounts, and (ii) guaranteed investment contracts issued to fund pension plans even if there are not mortality guarantees or only incidental mortality guarantees. Such contracts are not properly includable on Line 6 since the reporting entity retains an investment risk.

Amounts entered on Line 6 should correspond to amounts reported on the Annual Statement of Separate Accounts to the extent amounts are included on Lines 1 through 5 of the Base Reconciliation Exhibit. Specify deductions and indicate where such amounts were reported in the Annual Statement. Lines 6.01 – 6.99 should not include transfers to a separate account, except to the extent such transfers represent current year premiums included on Lines 1 through 5 of the Base Reconciliation Exhibit. Companies must specifically identify deductions on Lines 6.01 through 6.99 and indicate where such amounts are reported in the Annual Statement (blue book) and where they are reported on Lines 1 through 5 of the Base Reconciliation Exhibit.

- Lines 7.1–7.4 – Enter unallocated amounts that meet the descriptions provided on Lines 7.1, 7.2 and 7.3.
- Line 7.1 – Allows a deduction for any unallocated annuity contract that is not issued to or in connection with a specific employee, union or association of natural persons benefit plan or a government lottery. An example of an appropriate Line 7.1 deduction would be amounts received to fund a municipal guaranteed investment contract.
- Line 7.2 – Allows a deduction for any unallocated annuity contract issued to an employee benefit plan protected under the Federal Pension Benefit Guaranty Corporation (PBGC). Employee benefit plans protected by the PBGC are defined benefit plans only, and do not include defined contribution plans.
- Line 7.3 – Allows a deduction for unallocated annuity premiums in excess of \$5 million for unallocated government lotteries and for any unallocated employee, union or association of natural persons benefit plans that is not: (a) governmental retirement plan established under Sections 401, 403(b) or 457 of the U.S. Internal Revenue Code, or (b) protected under the Federal Pension Benefit Guaranty Corporation. Line 7.3 should only include those amounts in excess of \$5 million; for example, for a \$15 million guaranteed investment contract issued to an employee benefit plan, the company should report \$10 million (i.e., amounts in excess of \$5 million) on Line 7.3. Do not include on Lines 7.1, 7.2 or 7.3 amounts that have been reported as transfers or deductions on any other lines (e.g., Lines 4.2, 6, 7.1, 7.2 or 7.3).
- Line 8 – Enter dividends and experience rating credits, but only if such amounts were not guaranteed in advance. Examples of items that might be reported on Line 8 include: (i) non-guaranteed amounts which constitute a return of premiums collected in the current year and paid out of divisible surplus, and (ii) non-guaranteed experience rating credits which were not already deducted in determining Lines 1 and 2. Excess interest should not be deducted as dividends.

Lines 9.01–
9.99 – Enter any other deductible amounts with a clear explanation of the nature of such deduction on Lines 9.01, 9.02, 9.03, etc. An example of an appropriate deduction is the premiums received for the Federal Employee Health Benefits Plan contracts in the Accident and Health Column (Column 3). Deductions are not permitted for premiums received for the Federal Employee Group Life Insurance. Line 9 should not be used as a substitute for deductions that are to be reported on any of the above lines. Deductions are not permitted in the first three Columns for amounts received in excess of coverage limits specified in the Guaranty Laws (i.e., a reporting entity cannot deduct amounts received or contract values in excess of \$100,000 related to allocated annuity contracts).

Model Act Base

Line 11 – Line 11, equals Line 5 minus Line 10.

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ADJUSTMENTS TO THE
LIFE, HEALTH AND ANNUITY GUARANTY ASSOCIATION
MODEL ACT ASSESSMENT BASE RECONCILIATION EXHIBIT

To be filed on or before April 1.

Introduction

The purpose of the Adjustments to the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit (the Adjustments Exhibit) is to collect premium information needed by State Guaranty Associations to make assessments. The Adjustments Exhibit must be prepared with the same care and accuracy that would be used in preparing the Annual Statement, since the information is being provided to the Guaranty Fund Associations.

These instructions are intended to assist companies in completing the Adjustments Exhibit. COMPANIES MUST READ THESE INSTRUCTIONS CAREFULLY AND REFER TO THE RELEVANT GUARANTY ASSOCIATION ACTS, WHERE APPROPRIATE.

The Adjustments Exhibit has the four Columns: Column 1 is for all individual and group life insurance premiums; Column 2 is for all individual and group allocated annuity amounts (whether called premiums, deposits, or considerations); Column 3 is for all individual and group accident and health premiums; and Column 4 is for all unallocated annuity amounts (whether called premiums, deposits, or considerations). However, the Adjustments Exhibit requires annuity information only for states that have not adopted the most recent NAIC Model Act. Companies are required to complete each line of the Adjustments Exhibit for all states, District of Columbia and Puerto Rico in which they were licensed or had business during the reporting year, except for those states which utilize the Base Reconciliation Exhibit for their respective assessment premium base (these states may be identified by referring to the respective assessment premium base formulas). DO NOT SUBMIT the Adjustments Exhibit for American Samoa, Guam, U.S. Virgin Islands, Canada, Northern Mariana Islands and other alien jurisdictions. If your company writes only life and/or accident and health insurance, there is no need to submit the Adjustments Exhibit (you may enter any miscellaneous adjustment your company may have to life and accident and health business on Line 9 of the Base Exhibit pursuant to the applicable instructions.)

Should you have questions about how to fill out the Adjustments Exhibit, and the answers are not provided in the instructions below, you may wish to consult the NAIC Model Act, particular State Guaranty Acts, the *Annual Statement Instructions* manual, your company attorney, particular State Insurance Departments, or particular State Guaranty Association Administrators.

Adjustments to the Base Reconciliation Exhibit

All Lines (except Lines 5.3, 6.4 and 9) of Column 4 (Unallocated Annuity Considerations and Other Unallocated Fund Deposits) and Line 2 of Column 1 (Allocated Annuity and Other Allocated Fund Deposits) must be completed for all states in which your company is licensed or did business during the survey year, except for those states which utilize the Base Reconciliation Exhibit for their respective assessment premium base (these states may be identified by referring to the respective assessment premium base formulas). DO NOT SUBMIT the Adjustments Exhibit for American Samoa, U.S. Virgin Islands, Canada, Northern Mariana Islands and other alien jurisdictions.

Deductions related to unallocated annuity contracts MUST be detailed on Lines 3 through 9, where appropriate. Deductions on Line 10 related to amounts received on unallocated annuity contracts WILL NOT be allowed.

Line 1 Model Act Base

The amount from Line 11 of the Base Reconciliation Exhibit should be transferred to Line 1 of the Adjustments Exhibit.

- Line 2 – All 403(b) annuities are included in Column 4 (Unallocated Annuity and Other Unallocated Fund Deposits) on the Base Reconciliation Exhibit and must be transferred to Column 2 (Allocated Annuity and Other Allocated Fund Deposits) for certain states that have not adopted the most recent NAIC Model Act in its entirety. The amount to be transferred from Column 4 to Column 2 represents the amount of 403(b) annuity premiums included in Line 1 of the Adjustments Exhibit, regardless of whether it was originally reported in Column 2 or Column 4 of the Base Reconciliation Exhibit. Those companies that originally reported 403(b) premiums in Column 4 of the Base Reconciliation Exhibit must transfer such amounts to Column 2 even though no original transfer was required on Line 4.1 of the Base Reconciliation Exhibit.
- Lines 3.1 and 3.2 – Companies that have unallocated funding obligations that are not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or government lottery (Line 7.1 of the Base Reconciliation Exhibit) must report such amounts on Lines 3.1 and 3.2. Line 3.2 should include any amounts reported on Line 3.1.
- Lines 4.1, 4.2, 4.3 and 4.5 – Companies that have unallocated funding obligations issued to fund government lotteries or employee, union, or association of natural persons benefit plans that are NOT: (a) governmental retirement plans established under Sections 401, 403(b) or 457 of the U.S. Internal Revenue Code, or (b) protected by the Federal Pension Benefit Guaranty Corporation must report such amounts on Lines 4.1, 4.2 and 4.3. Line 4.4 equals the sum of Lines 4.1, 4.2 and 4.3. Lines 4.1, 4.2 and 4.3 are mutually exclusive. Line 4.5 needs to be completed for Minnesota business only.
- Lines 5.1, 5.2, 5.3 and 5.4 – Companies that have unallocated funding obligations issued to fund governmental retirement plans established under Sections 401 and 457 of the U.S. Internal Revenue Code must report such amounts on Lines 5.1, 5.2 and 5.3. Line 5.2 should include the amounts reported on Line 5.1. Line 5.3 needs to be completed for New Jersey business only. Line 5.4 needs to be completed for Minnesota business only.
- Lines 6.1, 6.2, 6.4 and 6.5 – Companies that have unallocated funding obligations issued to fund governmental retirement plans established under Section 403(a) of the U.S. Internal Revenue Code must report such amounts on Lines 6.1 and 6.2. Line 6.3 equals the sum of Lines 6.1 and 6.2. Lines 6.1 and 6.2 are mutually exclusive. Line 6.4 needs to be completed for New Jersey business only. Line 6.5 needs to be completed for Minnesota business only.
- Lines 7.1, 7.2 and 7.3 – Companies that have unallocated annuity contracts issued to an employee benefit plan protected by the Federal Pension Benefit Guaranty Corporation (Line 7.2 of the Base Reconciliation Exhibit) must report such amounts on Lines 7.1 and 7.2. Line 7.2 should include the amounts reported on Line 7.1. Line 7.3 needs to be completed for New Jersey business only.
- Line 8 – Companies that have unallocated funding obligations issued to fund government lotteries must report such amounts up to \$5 million per contract holder. This line should be completed for New Jersey business only.
- Line 9 – Companies that have unallocated funding obligations that fund employee or association of natural persons benefit plans in New Jersey in excess of \$2 million need to report receipts up to \$5 million per contract. This line should be completed for New Jersey business only.

Line 10 – Aggregate Write-ins for Other Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 10 for Other Deductions.

Line 11 – Represents the preliminary assessment base calculation for those states that have not adopted the most recent NAIC Model Act.

Details of Write-ins Aggregated at Line 10 for Other Deductions

The company must provide a clear explanation of the amounts included on Line 10. Amounts deducted on any other lines on the Base Reconciliation Exhibit or Adjustments Exhibit should not be reported here, since to do so would amount to a duplicate deduction. Line 10 should not be used as a substitute for deductions that are to be reported on any of the above lines. In addition, deductions are not permitted in the first three Columns for amounts received in excess of coverage limitations specified in the Guaranty Laws (e.g., a reporting entity cannot deduct amounts received on contract values in excess of \$100,000 related to allocated annuity contracts).

NOTE: Cross check for Adjustments Exhibit Lines 3.2, 4.3 and 7.2, Column 1.

The aggregate amounts on Adjustments Exhibit Lines 3.2, 4.3 and 7.2 should equal the aggregate of the amounts on Base Exhibit Lines 7.1, 7.2 and 7.3 less the amount reported on Base Exhibit Line 3.3.

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ANALYSIS OF ANNUITY OPERATIONS BY LINES OF BUSINESS

This exhibit is required to be filed no later than April 1.

A company shall not omit the columns for any lines of business in which it is not engaged.

Definitions:

Fixed Annuity: A fixed annuity is a policy or contract that has a specified crediting rate periodically and unilaterally adjusted by the company not below minimum contract rate. Include market value adjusted annuities.

A market value adjusted annuity is a fixed annuity with a provision that changes in the interest environment are taken into account if the annuity is surrendered.

Variable Annuity: A variable annuity is a policy or contract that provides for annuity benefits that vary according to the investment experience of a separate account or accounts maintained by the insurer as to the policy or contract.

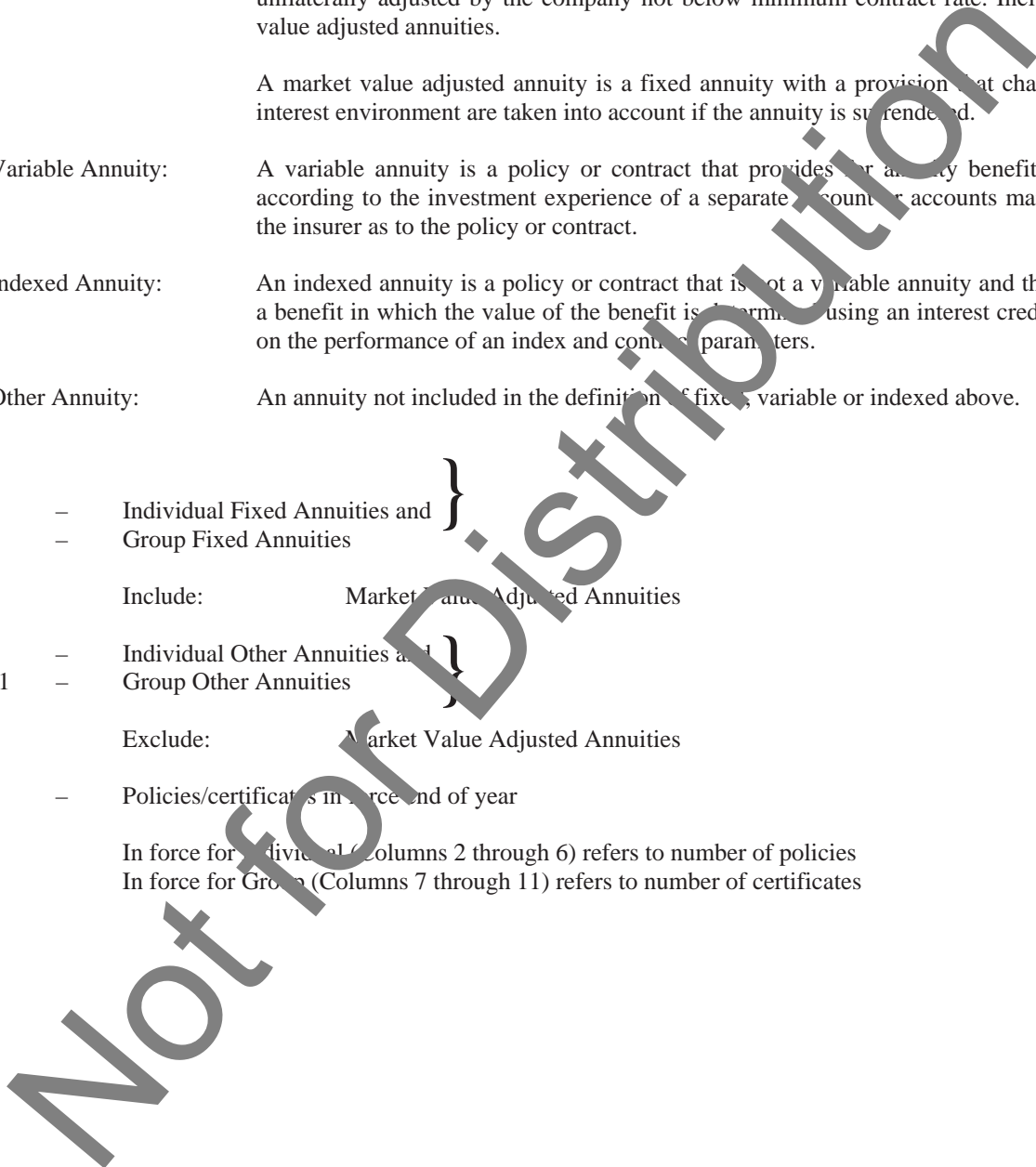
Indexed Annuity: An indexed annuity is a policy or contract that is not a variable annuity and that contains a benefit in which the value of the benefit is determined using an interest crediting based on the performance of an index and contract parameters.

Other Annuity: An annuity not included in the definition of fixed, variable or indexed above.

Column 2 – Individual Fixed Annuities and }
 Column 7 – Group Fixed Annuities }
 Include: Market Value Adjusted Annuities

Column 6 – Individual Other Annuities and }
 Column 11 – Group Other Annuities }
 Exclude: Market Value Adjusted Annuities

Line 34 – Policies/certificates in force end of year
 In force for Individual (Columns 2 through 6) refers to number of policies
 In force for Group (Columns 7 through 11) refers to number of certificates



ANALYSIS OF INCREASE IN ANNUITY RESERVES DURING THE YEAR

This exhibit is required to be filed no later than April 1.

This exhibit analyzes the development of life policy and contract reserves by showing how the reserve may be traced mathematically from one year-end to the next by taking account of its various theoretical components.

A company shall not omit the columns for any lines of business in which it is not engaged.

Definitions:

Fixed Annuity: A fixed annuity is a policy or contract that has a specified crediting rate periodically and unilaterally adjusted by the company not below minimum contract rate. Include market value adjusted annuities.

A market value adjusted annuity is a fixed annuity with a provision that changes in the interest environment are taken into account if the annuity is surrendered.

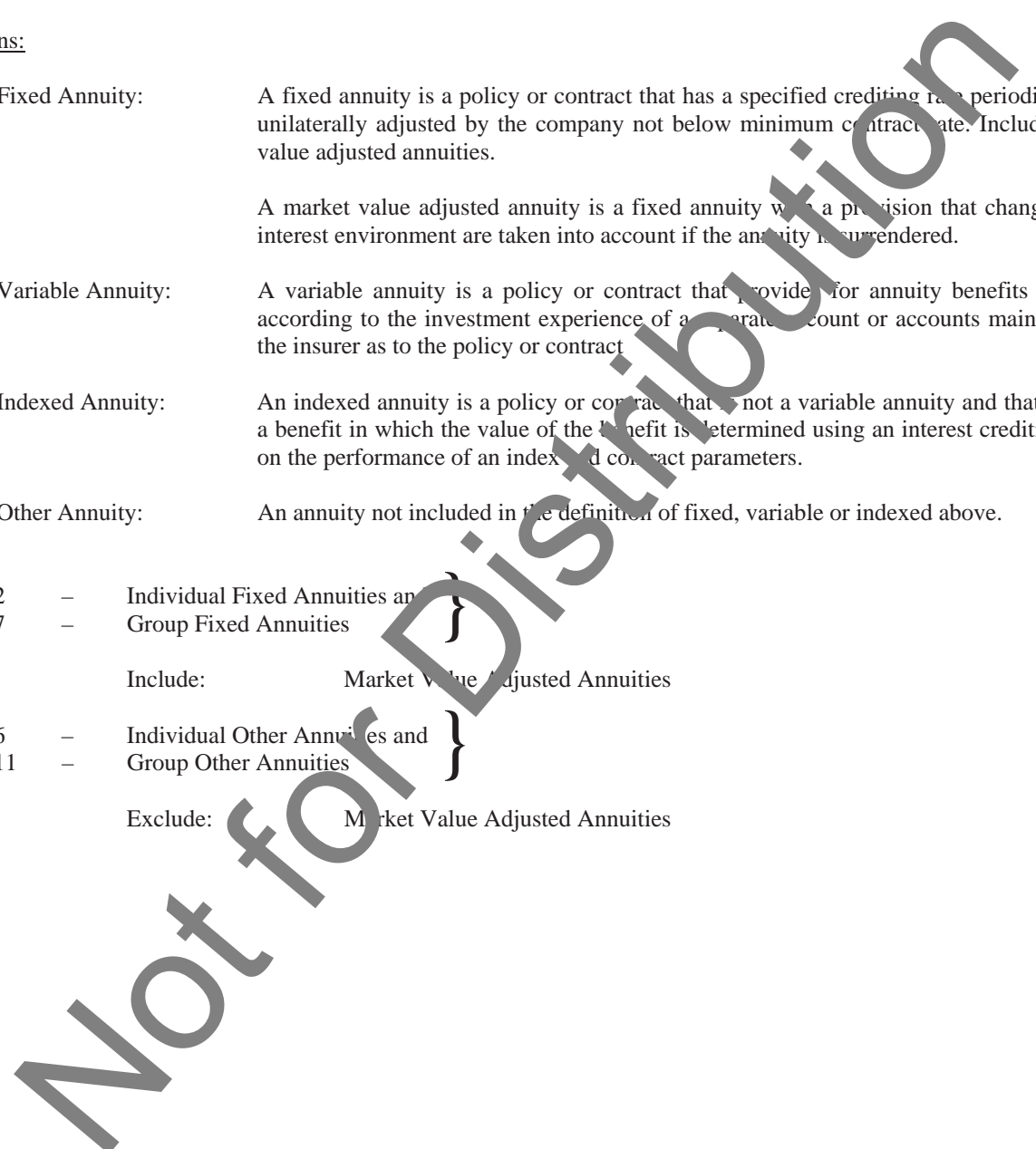
Variable Annuity: A variable annuity is a policy or contract that provides for annuity benefits that vary according to the investment experience of a separate account or accounts maintained by the insurer as to the policy or contract.

Indexed Annuity: An indexed annuity is a policy or contract that is not a variable annuity and that contains a benefit in which the value of the benefit is determined using an interest crediting based on the performance of an indexed contract parameters.

Other Annuity: An annuity not included in the definition of fixed, variable or indexed above.

Column 2 – Individual Fixed Annuities and }
Column 7 – Group Fixed Annuities }
Include: Market Value Adjusted Annuities

Column 6 – Individual Other Annuities and }
Column 11 – Group Other Annuities }
Exclude: Market Value Adjusted Annuities



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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 2017 annual statement due March 1, 2018, the year would be 2017.

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.

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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	CCK	–	Cocos (Keeling) Islands
ALA	–	Aland Islands	COL	–	Colombia
ALB	–	Albania	COM	–	Comoros
DZA	–	Algeria	COG	–	Congo (Brazzaville)
ASM	–	American Samoa	COD	–	Congo, Democratic Republic of the
AND	–	Andorra	COK	–	Cook Islands
AGO	–	Angola	CRI	–	Costa Rica
AIA	–	Anguilla	CIV	–	Côte d'Ivoire
ATA	–	Antarctica	HRV	–	Croatia
ATG	–	Antigua and Barbuda	CUB	–	Cuba
ARG	–	Argentina	CYP	–	Cyprus
ARM	–	Armenia	CZE	–	Czech Republic
ABW	–	Aruba	DNK	–	Denmark
AUS	–	Australia	DJI	–	Djibouti
AUT	–	Austria	DMA	–	Dominica
AZE	–	Azerbaijan	DOM	–	Dominican Republic
BHS	–	Bahamas	ECU	–	Ecuador
BHR	–	Bahrain	EGY	–	Egypt
BGD	–	Bangladesh	SLV	–	El Salvador
BRB	–	Barbados	GNO	–	Equatorial Guinea
BLR	–	Belarus	ERI	–	Eritrea
BEL	–	Belgium	EST	–	Estonia
BLZ	–	Belize	ETH	–	Ethiopia
BEN	–	Benin	FLK	–	Falkland Islands (Malvinas)
BMU	–	Bermuda	FRO	–	Faroe Islands
BTN	–	Bhutan	FJI	–	Fiji
BOL	–	Bolivia	FIN	–	Finland
BIH	–	Bosnia and Herzegovina	FRA	–	France
BWA	–	Botswana	GUF	–	French Guiana
BVT	–	Bouvet Island	PYF	–	French Polynesia
BRA	–	Brazil	ATF	–	French Southern Territories
VGB	–	British Virgin Islands	GAB	–	Gabon
IOT	–	British Indian Ocean Territory	GMB	–	Gambia
BRN	–	Brunei Darussalam	GEO	–	Georgia
BGR	–	Bulgaria	DEU	–	Germany
BFA	–	Burkina Faso	GHA	–	Ghana
BDI	–	Burundi	GIB	–	Gibraltar
KHM	–	Cambodia	GRC	–	Greece
CMR	–	Cameroon	GRL	–	Greenland
CAN	–	Canada	GRD	–	Grenada
CPV	–	Cape Verde	GLP	–	Guadeloupe
CYM	–	Cayman Islands	GUM	–	Guam
CAF	–	Central African Republic	GTM	–	Guatemala
TCD	–	Chad	GGY	–	Guernsey
CHL	–	Chile	GIN	–	Guinea
CHN	–	China	GNB	–	Guinea-Bissau
HKG	–	Hong Kong, Special Administrative Region of China	GUY	–	Guyana
MAC	–	Macao, Special Administrative Region of China	HTI	–	Haiti
CXR	–	Christmas Island	HMD	–	Heard Island and McDonald Islands
			VAT	–	Holy See (Vatican City State)
			HND	–	Honduras

HUN	–	Hungary	NZL	–	New Zealand
ISL	–	Iceland	NIC	–	Nicaragua
IND	–	India	NER	–	Niger
IDN	–	Indonesia	NGA	–	Nigeria
IRN	–	Iran, Islamic Republic of	NIU	–	Niue
IRQ	–	Iraq	NFK	–	Norfolk Island
IRL	–	Ireland	MNP	–	Northern Mariana Islands
IMN	–	Isle of Man	NOR	–	Norway
ISR	–	Israel	OMN	–	Oman
ITA	–	Italy	PAK	–	Pakistan
JAM	–	Jamaica	PLW	–	Palau
JPN	–	Japan	PSE	–	Palestinian Territory, Occupied
JEY	–	Jersey	PAN	–	Panama
JOR	–	Jordan	PNG	–	Papua New Guinea
KAZ	–	Kazakhstan	PRY	–	Paraguay
KEN	–	Kenya	PER	–	Peru
KIR	–	Kiribati	PHL	–	Philippines
PRK	–	Korea, Democratic People's Republic of	PCN	–	Pitcairn
			POL	–	Poland
KOR	–	Korea, Republic of	PRT	–	Portugal
KWT	–	Kuwait	PRI	–	Puerto Rico
KGZ	–	Kyrgyzstan	QAT	–	Qatar
LAO	–	Lao PDR	REU	–	Réunion
LVA	–	Latvia	ROU	–	Romania
LBN	–	Lebanon	RUS	–	Russian Federation
LSO	–	Lesotho	RWA	–	Rwanda
LBR	–	Liberia	BLM	–	Saint-Barthélemy
LBY	–	Libyan Arab Jamahiriya	SHN	–	Saint Helena
LIE	–	Liechtenstein	SKA	–	Saint Kitts and Nevis
LTU	–	Lithuania	LCA	–	Saint Lucia
LUX	–	Luxembourg	MAF	–	Saint-Martin (French part)
MKD	–	Macedonia, Republic of	SPM	–	Saint Pierre and Miquelon
MDG	–	Madagascar	VCT	–	Saint Vincent and Grenadines
MWI	–	Malawi	WSM	–	Samoa
MYS	–	Malaysia	SMR	–	San Marino
MDV	–	Maldives	STP	–	Sao Tome and Principe
MLI	–	Mali	SAU	–	Saudi Arabia
MLT	–	Malta	SEN	–	Senegal
MHL	–	Marshall Islands	SRB	–	Serbia
MTQ	–	Martinique	SYC	–	Seychelles
MRT	–	Mauritania	SLE	–	Sierra Leone
MUS	–	Mauritius	SGP	–	Singapore
MYT	–	Mayotte	SVK	–	Slovakia
MEX	–	Mexico	SVN	–	Slovenia
FSM	–	Micronesia, Federated States of	SLB	–	Solomon Islands
MDA	–	Moldova	SOM	–	Somalia
MCO	–	Monaco	ZAF	–	South Africa
MNG	–	Mongolia	SGS	–	South Georgia and the South Sandwich Islands
MNE	–	Montenegro			
MSR	–	Montserrat	ESP	–	Spain
MAR	–	Morocco	LKA	–	Sri Lanka
MOZ	–	Mozambique	SDN	–	Sudan
MMR	–	Myanmar	SUR	–	Suriname *
NAM	–	Namibia	SJM	–	Svalbard and Jan Mayen Islands
NRU	–	Nauru	SWZ	–	Swaziland
NPL	–	Nepal	SWE	–	Sweden
NLD	–	Netherlands	CHE	–	Switzerland
ANT	–	Netherlands Antilles	SYR	–	Syrian Arab Republic
NCL	–	New Caledonia	TWN	–	Taiwan, Republic of China

TJK	-	Tajikistan	ARE	-	United Arab Emirates
TZA	-	Tanzania *, United Republic of	GBR	-	United Kingdom
THA	-	Thailand	USA	-	United States of America
TLS	-	Timor-Leste	UMI	-	United States Minor Outlying Islands
TGO	-	Togo	URY	-	Uruguay
TKL	-	Tokelau	UZB	-	Uzbekistan
TON	-	Tonga	VUT	-	Vanuatu
TTO	-	Trinidad and Tobago	VEN	-	Venezuela (Bolivarian Republic of)
TUN	-	Tunisia	VNM	-	Viet Nam
TUR	-	Turkey	VIR	-	Virgin Islands, US
TKM	-	Turkmenistan	WLF	-	Wallis and Futuna Islands
TCA	-	Turks and Caicos Islands	ESH	-	Western Sahara
TUV	-	Tuvalu	YEM	-	Yemen
UGA	-	Uganda	ZMB	-	Zambia
UKR	-	Ukraine	ZWE	-	Zimbabwe

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DEFINITIONS OF LINES OF BUSINESS

Riders/Endorsements/Floaters:

If a rider, endorsement or floater acts like a separate policy with separate premium, deductible and limit, then it is to be recorded on the same line of business as if it were a stand-alone policy regardless of whether it is referred to as a rider, endorsement or floater. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same line of business as the base policy.

Comprehensive (Hospital & Medical):

Business that provides for medical coverage including hospital, surgical, & major medical. Includes State Children's Health Insurance Program (SCHIP) Medicaid Program (Title XXI) risk contracts. Also includes medical only programs that provide medical only benefits without hospital coverage. Does not include self-insured business as well as federal employees health benefit programs (FEHBP), Medicare & Medicaid programs, and dental only business.

Medicare Supplement:

Business reported in the Medicare Supplement Insurance Experience Exhibit of the annual statements. Does not include Medicare (Title XVIII) or Medicaid (Title XIX) risk contracts.

Dental-Only:

Policies providing for dental only coverage issued as stand-alone dental or as a rider to a medical policy that is not related to the medical policy through, premiums, deductibles or out-of-pocket limits. Does not include self-insured business, as well as federal employees health benefits plans (FEHBP), or Medicare and Medicaid programs.

Vision-Only:

Policies providing for vision only coverage issued as stand-alone vision or as a rider to a medical policy that is not related to the medical policy through, premiums, deductibles or out-of-pocket limits. Does not include self-insured business, federal employees health benefit plans (FEHBP), or Medicare and Medicaid programs.

Federal Employees Health Plans (FEHBP):

Business allocable to the Federal Employees Health Benefit Plan premium that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code. Does not include Medicare & Medicaid programs.

Medicare Cost:

Contracts with the Centers for Medicare & Medicaid Services (CMS) to provide services that are paid a pre-determined monthly amount per member based on a total estimated budget. The beneficiary can use providers outside the provider network. Does not include policies providing stand alone Medicare Part D Prescription Drug Coverage which are reported within the Other Health line of business.

Medicare Risk

Contracts with the Centers for Medicare & Medicaid Services (CMS) whereby managed care is paid a per capita premium per member. Assume full financial risk for all care provided to Medicare Risk members. With the exception of emergency and out-of-area urgent care, members must receive all of their care through the managed care plan; however, an out-of-network option can be provided. Does not include policies providing stand alone Medicare Part D Prescription Drug Coverage which are reported within the Other Health line of business.

Medicare Other:

Health Care Prepayment Plans (HCPP) – similar to Medicare Cost. Contracts with the Centers for Medicare & Medicaid Services (CMS) but only covers part of the Medicare Benefit package. HCCP's do not cover Medicare Part A services (inpatient hospital care, skilled nursing, hospice and some home health care).

Medicare +Choice –Contracts with the Centers for Medicare & Medicaid Services (CMS) and a variety of different managed care and fee-for-service entities (i.e., HMO, PPO, PSO) with benefits to members similar to Medicare Risk as defined under the Balanced Budget Act of 1997.

Does not include policies providing stand alone Medicare Part D Prescription Drug Coverage which are reported within the Other Health line of business.

Medicaid Cost:

Those members enrolled under a prepaid contract between the reporting entity and the appropriate state agency administering medical assistance under a state plan approved under Title XIX of the Social Security Act where that agency agrees to pay part or all of the member's financial obligation to the reporting entity. The beneficiary can use providers outside the provider network.

Medicaid Risk:

A prepaid contract between a managed care entity and the appropriate state agency administering medical assistance under a state plan approved under Title XIX of the Social Security Act where that agency agrees to pay part or all of the member's financial obligation to the Health Organization.

Self-Funded:

Business where the health-care organization agrees to provide services to a third party self-insured group. Includes Administrative Services Contracts where the organization advances its own funds in payment of claims and issues its own membership card and use of their provider network to the members of the groups and Administrative Services Only Contracts where the organization utilizes the group's funds in payment of claims.

PRODUCT LINES:

HMO (Health Maintenance Organization)

An entity that provides, arranges or offers coverage of designated health services needed by plan members for a fixed prepaid premium.

There are four basic HMO models:

- a. Group Model
- b. Individual Practice Association
- c. Network Model
- d. Staff Model

An entity must have three characteristics to be an HMO:

1. An organized system for providing health care or otherwise assuring health care delivery in a geographic area.
2. An agreed upon set of basic and supplemental health maintenance and treatment services.
3. A voluntary enrolled group of people.

PPO (Preferred Provider Organization):

A program in which contracts are established with providers of medical care, referred to as preferred providers. Usually the benefit contract offers better benefits (fewer copayments) for services received from a preferred provider, thus encouraging members to use these providers. Members are allowed benefits for non-participating provider services on an indemnity basis with significant copayments. Providers may be paid on a discounted fee-for-service basis. A PPO arrangement can be insured or uninsured

POS (Point of Service):

A type of health plan allowing the covered person to choose to receive a service from a participating or non-participating provider, with different benefit levels associated with the use of participating providers.

There are several ways POS can be provided:

- a. An HMO may allow members to obtain limited services from non-participating providers.
- b. An HMO may provide non-participating benefits through a supplemental major medical policy.
- c. A PPO may be used to provide both participating and non-participating levels of coverage and access.

Hospital/Surgical:

An entity that provides coverage for inpatient care and surgical procedures associated with this inpatient care.

Dental (Only):

Entity providing Dental coverage in addition to health care coverage. Can also be a rider offered by the insuring company but covered by the dental insurer.

Vision (Only):

Entity providing Vision coverage in addition to health coverage provided by health care company.

Other (Specify):

Coverage provided by entities that do not fall within any of the other categories, including stop loss, disability and long-term care. Indemnity plans where the insured person is reimbursed for covered expenses would fall within this area.

Miscellaneous Definitions:

Encounter:

A contact between a member and a provider of health care services who exercise independent judgment in the area and provision of health services to the member. A claim would be one encounter.

Hospital Encounter:

An encounter administered in a hospital environment. Includes emergency room services.

Non-hospital Encounter:

An encounter administered outside a hospital environment, such as in the health care provider office.

Physician:

A licensed doctor of medicine or osteopathy licensed to practice medicine under the laws of the state or jurisdiction where the services are provided.

Non-physician:

Anyone other than a physician who is licensed, where required, to render covered services. Non-physician providers can include:

- a. Chiropractor
- b. Clinical Psychologist
- c. Dentist
- d. Optometrist
- e. Physical Therapist
- f. Physician Assistant
- g. Nurse Practitioner
- h. Social Worker

Inpatient:

A member who is treated as a registered bed patient in a hospital and for whom a room and board charge is made.

Outpatient:

A member not officially admitted as an inpatient, but who receives hospital care without occupying a hospital bed or receiving a room and board charge.

Admission:

Hospital inpatient care for any medical condition.

Hospital Day:

A day for which contractual coverage is provided to a member while receiving inpatient care. A stay up to and including midnight of the date of admission shall be considered one day, and an additional day will be counted at each midnight census after the first day that the member is still a patient.

Individual:

Health insurance where the policy is issued to an individual covering the individual and/or their dependents in the individual market. This includes conversions from group policies

Group:

The health organization contracts with an entity to provide health care services to a group of subscribers.

Member:

A person who has enrolled as a subscriber or an eligible dependent of a subscriber and for whom the health organization has accepted the responsibility for the provision of health services as may be contracted for.

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