

- (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 entities.
- (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 for accident and health contracts.
- (12) If the capitalization policy and the resultant redefined thresholds changed from the prior period, the reason for the change.
- (13) The method used to estimate pharmaceutical receivable receivables.

D. Going Concern

The reporting entity shall provide the following going concern disclosures after management's evaluation of the reporting entity's ability to continue as a going concern and consideration of management's plans to alleviate any substantial doubt about the entity's ability to continue as a going concern.

- (1) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is alleviated, the reporting entity shall disclose in the notes to the financial statements the following information:
 - a. Principal conditions and events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).
 - b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.
 - c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.
- (2) If after considering management's plans, substantial doubt about an entity's ability to continue as a going concern is not alleviated, the entity shall include a statement in the notes to the financial statements indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Additionally, the reporting entity shall disclose the information in paragraphs 1D(1)a and 1D(1)b, as well as the management plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

- (3) The going concern evaluation and going concern disclosures discussed in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* are required for both interim and annual financial statements. If substantial doubt was determined, and the conditions or events continue to raise substantial doubt about an entity’s ability to continue as a going concern in subsequent annual or interim reporting periods, the entity shall continue to provide the disclosures in each subsequent reporting period. In these subsequent periods, the disclosures should become more extensive as additional information becomes available about the relevant conditions or events and about management’s plans. The entity shall provide appropriate context and continuity in explaining how conditions or events have changed between reporting periods.
- (4) For the period in which substantial doubt no longer exists (before or after consideration of management plans), an entity shall disclose how the relevant conditions or events that raised substantial doubt were resolved.

Illustration:

A. Accounting Practices

The financial statements of XYZ Company are presented on the basis of accounting practices prescribed or permitted by the ABC Insurance Department.

The ABC Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of ABC for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the ABC Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of ABC. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, 1) goodwill arising from the purchase of a subsidiary, controlled or affiliated entity is written off directly to surplus in the year it originates by ABC domiciled companies. In NAIC SAP, goodwill in amounts not to exceed 10% of a reporting entity’s capital and surplus may be capitalized and all amounts of goodwill are amortized to unrealized gains and losses on investments over periods not to exceed 10 years, and, 2) 100% of all fixed assets are admitted by ABC domiciled companies. In NAIC SAP, fixed assets are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company, with the explicit permission of the Commissioner of Insurance of the State of ABC, records the value of its home office building at fair value instead of at depreciated cost required by the NAIC SAP. If the home office building were carried at depreciated cost, home office property and statutory surplus would be decreased by \$_____ and \$_____ as of December 31, 20__ and 20__, respectively. Additionally, net income would be increased by \$_____ and \$_____ respectively, for the years then ended. Finally, if the Company had not been permitted to record the value of its home office building at fair value, the Company’s risk-based capital would have triggered a regulatory event.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of ABC is shown below:

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

THE RECONCILIATION TABLE BELOW IS REQUIRED REGARDLESS OF WHETHER THE REPORTING ENTITY HAS ANY STATE PRESCRIBED OR PERMITTED PRACTICES.

	SSAP #	F/S Page	F/S Line #	20__	20__
NET INCOME					
(1) ABC Company state basis (Page 4, Line 31, Columns 1 & 2)	XXX	XXX	XXX	\$	\$
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:				\$	\$
.....				\$	\$
.....				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:				\$	\$
.....				\$	\$
.....				\$	\$
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XX	\$	\$
SURPLUS					
(5) ABC Company state basis (Page 3, Line 30, Columns 1 & 2)	XXX	XXX	XXX		
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:				\$	\$
.....				\$	\$
.....				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:				\$	\$
.....				\$	\$
.....				\$	\$
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$	\$

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Annuity payments 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.

The Company previously utilized systematic value for the reporting of an SVO-Identified bond ETF reported on Schedule D-1. As of Dec. 31, XX, the SVO-Identified bond ETF was no longer included on the SVO listing an SVO-Identified bond ETF. Therefore, this ETF was no longer captured within the scope of SSAP No. 26R and permitted to be reported on Schedule D-1. Pursuant to the statutory accounting guidance, this ETF is now captured within the scope of SSAP No. 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 pension 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 Summary of Operation, Line ____) were understated by \$ _____. Line ____ on the Assets Page and Line ____ on the Gains and Losses section of the Summary of Operations 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:

_____ The name and brief description of the acquired entity.

- That the method of accounting is the statutory purchase method.
- Acquisition date, cost of the acquired entity and the original amount of admitted goodwill.
- The amount of amortization of goodwill recorded for the period, the admitted goodwill as of the reporting date and admitted goodwill as a percentage of the SCA's book adjusted carrying value (gross of admitted goodwill).

B. Statutory Merger

For business combinations taking the form of a statutory merger, disclose:

- (1) The names and brief description of the combined entities;
- (2) Method of accounting, that is, the statutory merger method;
- (3) Description of the shares of stock issued in the transaction;
- (4) Details of the results of operations of the previously separate entities for the period before the combination is consummated that are included in the current combined net income, including revenue, net income, and other changes in surplus; 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

The Company purchased 100% interest of XYZ Insurance Company on 6/30/____. XYZ Insurance Company is licensed in 49 states and sells workers' compensation products exclusively.

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

The transaction was accounted for as a statutory purchase and reflects the following:

1 Purchased entity	2 Acquisition date	3 Cost of acquired entity	4 Original amount of admitted goodwill	5 Admitted goodwill as of the reporting date	6 Amount of goodwill amortized during the reporting period	7 Admitted goodwill as a % of SCA BACV, gross of admitted goodwill
		\$	\$	\$	\$	%
		\$	\$	\$	\$	%
		\$	\$	\$	\$	%
		\$	\$	\$	\$	%
		\$	\$	\$	\$	%

B. Statutory Merger

- (1) The Company merged with ABC Service Company on June 30, _____.
- (2) The transaction was accounted for as a statutory merger.
- (3) The Company issued _____ voting shares of common stock in exchange for all common stock of ABC Service Company.
- (4) Pre merger separate company revenue, net income, and other surplus adjustments for the six months ended 6/30/_____ were \$ _____, _____, \$ _____, respectively for the Company and \$ _____, \$ _____, respectively for ABC Service Company.
- (5) No adjustments were made directly to the surplus of ABC Service Company as a result of the merger.

C. Assumption Reinsurance

- (1) The Company completed an assumption reinsurance agreement with ABC Insurance Company during the current year.
- (2) The Company assumed the entire individual term life 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/_____, 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 operation after the disposal date, disclose the ownership interest before and after the disposal transaction and the entity's share of the income or loss of the investee as of the year-end reporting date after the disposal transaction.

Illustration:

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW EXCLUDING THE NARRATIVE FOR LINE 2. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

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

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

Discontinued Operation Identifier	Description of Discontinued Operation
.....
.....
.....
.....

(2) The Company entered into a definitive agreement dated _____, 20__ to sell its Group Health Operations (Identifier XXX) to ABC Company for \$_____ in cash, subject to various closing adjustments. The net loss from disposal is expected to be \$_____. The sale is expected to be completed no later than midyear 20___. The sale is subject to state regulatory approval and other customary conditions. Results of the Discontinued Operations will be included in the Company's Statement of Revenue and Expenses until the closing and be consistently with the company's reporting of continuing operations.

(3) Loss Recognized on Discontinued Operations

Discontinued Operation Identifier	Amount for Reporting Period	Cumulative Amount Since Classified as Held for Sale
.....	\$	\$
.....	\$	\$
.....	\$	\$
.....	\$	\$

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

Discontinued Operation Identifier	Carrying Amount Immediately Prior to Classification as Held for Sale	Current Fair Value Less Costs to Sell
.....	\$	\$
.....	\$	\$
.....	\$	\$
.....	\$	\$

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

	Discontinued Operation Identifier	Line Number	Line Description	Amount Attributable to Discontinued Operations
1. Assets	\$
	\$
	\$
2. Liabilities	\$
	\$
	\$
3. Surplus	\$
	\$
	\$
4. Income	\$
	\$
	\$

Not for Distribution

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 Risk and Credit Risk Disclosures*.
- (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 which 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 5I.

Reporting entities should complete the disclosures that are relevant to the repurchase/reverse repurchase activity they engaged within the annual and interim reporting periods. For example, if the reporting entity only participated in repurchase transactions accounted for as secured borrowings, only those disclosures shall be included in the financial statement. Those disclosures that are not applicable shall just be noted as “none.” (The use of the “sale” accounting method to account for repurchase/reverse repurchase agreements is anticipated to be very limited. Therefore, those disclosures are not anticipated to be applicable to most reporting entities.)

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 transactions, disclose the following:

- (1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

Also include a discussion of the potential risks associated with the agreements and related collateral received, including the impact of arising changes in the fair value of the collateral received and/or the provided security and how those risks are managed.

To the extent that the maturity dates of the liability (collateral to be returned) do not match the invested assets, the reporting entity shall explain the additional sources of liquidity to manage those mismatches.

The 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 trade,s, 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 and 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 transactions, disclose the following:

- (1) Information regarding the company's 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 and greater than 90 days.
- (9) Recognized receivable for the return of collateral. (Generally cash collateral, but including securities provided as collateral as applicable under the terms of the secured borrowing transaction. Receivables are not recognized for securities provided as collateral if those securities are still reported as assets of the reporting entity.)
- (10) Liability recognized to return cash collateral and the liability recognized to return securities received as collateral as required pursuant to the terms of the secured borrowing transaction.

H. Repurchase Agreements Transactions Accounted for as a Sale

If the entity has entered into repurchase agreements accounted for as sale transactions, disclose the following:

- (1) Disclose information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral.

The 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 sales 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 summary of operations, the caption in the summary of operations that includes that gain or loss.
- (3) If an entity has experienced changes to a plan of sale for an investment in real estate, the entity shall disclose a description of the facts and circumstances leading to the decision to change the plan to sell the asset including the period the decision was made; and its effect on the results of operations for the period and any prior periods presented.
- (4) If an entity engages in retail land sales operations, the entity shall disclose the following:
 - a. Maturities of accounts receivables for each of the five years following the date of the financial statements;
 - b. Delinquent accounts receivable and the method(s) for determining delinquency;
 - c. The weighted average and range of stated interest rate of receivables;
 - d. Estimated total costs and estimated dates of expenditures for improvement for major areas from which sales are being made over each year of the five years following the date of the financial statements; and
 - e. Recorded obligations for improvements.
- (5) If an entity holds real estate investments with participating mortgage loan features, the entity should disclose the following:
 - a. Aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts; and
 - b. Terms of participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both.

K. Low-Income Housing Tax Credits (LIHTC)

For investments in low-income housing tax credits (LIHTC), disclose the following:

- (1) The number of remaining years of unexpired tax credits and the required holding period for the LIHTC investments.
- (2) The amount of LIHTC and other tax benefits recognized during the years presented.
- (3) The balance of the investment recognized in the statement of financial position for the reporting period(s) presented.
- (4) If the LIHTC property is currently subject to any regulatory reviews and the status of such review (e.g., investigations by the housing authority).
- (5) The significance of an investment to the reporting entity's financial position and results of operations shall be considered in evaluating the extent of disclosures of the financial position and results of operations of an investment in an LIHTC. If, in the aggregate, the LIHTC investments exceed 10% of the total admitted assets of the reporting entity, the following disclosures shall be made:
 - a. (1) The name of each partnership or limited liability entity and percentage of ownership; (2) the accounting policies of the reporting entity with respect to investments in partnerships and limited liability entities; (3) the difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets (i.e., nonadmitted goodwill or other nonadmitted assets); and (4) the accounting treatment of the difference.
 - b. For partnerships and limited liability entities for which a quoted fair value is available, the aggregate value of each partnership or limited liability entity investment based on the quoted fair value.
 - c. Summarized information as to assets, liabilities and results of operations for partnerships, and limited liability entities either individually or in groups.
- (6) A reporting entity that recognizes an impairment loss shall disclose the following in the financial statements that include the period of the impairment write-down:
 - a. A description of the impaired assets and the facts and circumstances leading to the impairment.
 - b. The amount of the impairment and how fair value was determined.
- (7) The amount and nature of the write-downs or reclassifications made during the year resulting from the forfeiture or ineligibility of tax credits, etc. These write-downs may be based on actual property-level foreclosure, loss of qualification due to occupancy levels, compliance issues with tax code provisions within an LIHTC investment or other issues.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Disclose the total gross (admitted and nonadmitted) amount of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.) by the reporting entity. Provide the gross amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for 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 gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for 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 gross (admitted and nonadmitted) amount of restricted assets (total general account, general account assets supporting separate account activity, total separate account, separate account assets supporting general account activity and sum of the general account and the separate account for 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 CIPS sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee for the General Account and Separate Accounts.

Illustration:

A. Mortgage Loans (including Mezzanine Real Estate Loans)

(1) The maximum and minimum lending rates for mortgage loans during 20__ were:

FHA loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: ____%

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 3 THROUGH 8) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

	<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	\$	\$	\$	\$	\$	\$
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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	\$	\$	\$	\$	\$	\$
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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 accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.		

C. Reverse Mortgages

- (1) The company accounts for its investment in reverse mortgages in accordance with *SSAP No. 39—Reverse Mortgages* that requires the individual reverse mortgages to be combined into groups for purposes of providing an actuarially and statistically credible basis for estimating life expectancy to project future cash flows. The Company included actuarial estimates of contract terminations using mortality tables published by the Office of the Actuary of the United States Bureau of Census adjusted for expected prepayments and relocations and changes in the collateral value of the residence.
- (2) Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the borrower relocates, prepays or sells the home, at which time the loan becomes due and payable. Since the reverse mortgages are nonrecourse obligations, the loan repayments are generally limited to the sale proceeds of the borrower's residence, and the mortgage balance consists of cash advanced and interest compounded over the life of the loan and a premium that represents a portion of the shared appreciation in the home's value, if any.
- (3) At December 31, 20__, the actuarial reserve of \$_____ reduced the asset value of the group of reverse mortgages.
- (4) The Company recorded an unrealized loss of \$_____ as a result of the re-estimate of the cash flows.

D. Loan-Backed Securities

- (1) Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.

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.

(2)

	(1) Amortized Cost Basis Before Other-than- Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss		(3) Fair Value = (2a + 2b)
		(2a) Interest	(2b) Non-interest	
		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 non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 Months \$ _____
2. 12 Months or Longer \$ _____

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months \$ _____
2. 12 Months or Longer \$ _____

E. Dollar Purchase 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.

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(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 3 through 10.

(5) Securities "Sold" Under Repo – 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.	BACV	XXX	XXX	XXX	XXX	XXX	XXX	XXX
b.	Nonadmitted – Subset of BACV	XXX	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	XXX
b.	Nonadmitted – Subset of BACV	XXX	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							

p=a+c+e+g+h+i+j+l+n q=b+d+f+g+h+k+m+o

(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 – FV
- g. Real Estate – FV
- h. Derivatives – FV
- i. Other Invested Assets – FV
- j. Total Collateral Assets – FV (Sum of a through i)

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

FAIR VALUE

- a. Overnight and Continuous
- b. 30 Days or Less
- c. 31 to 90 Days
- d. > 90 Days

(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

AMORTIZED COST	FAIR VALUE
-------------------	---------------

- a. 30 Days or Less
- b. 31 to 60 Days
- c. 61 to 90 Days
- d. 91 to 120 Days
- e. 121 to 180 Days
- f. 181 to 365 Days
- g. 1 to 2 Years
- h. 2 to 3 Years
- i. > 3 Years

(11) Liability to Return Collateral – Secured Borrowing (Total)

FIRST QUARTER				SECOND QUARTER			
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

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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 3 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 (Sum of a through h)								

(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. 31 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

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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 3 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	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 Sold 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
$p=a+c+e+g+h+i+j+n$	$q=b+d+f+g+i+k+m+o$							

(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 – FV
f. Real Estate – FV
g. Derivatives – FV
h. Other Invested Assets – FV
i. Total Assets – FV (Sum of a through h)

(9) Recognized Forward Resale Commitment

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

(9) 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
.....

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 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	5 MINIMUM	6 MAXIMUM	7 AVERAGE DAILY BALANCE	8 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 MINIMUM	10 MAXIMUM	11 AVERAGE DAILY BALANCE	12 ENDING BALANCE	13 MINIMUM	14 MAXIMUM	15 AVERAGE DAILY BALANCE	16 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 3 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								

p=a+c+e+g+h+j+l+n q=b+d+f+g+i+k+m+o

(7)

Proceeds Provided – Sale

	FIRST QUARTER				SECOND QUARTER			
	1 MINIMUM	2 MAXIMUM	3 AVERAGE DAILY BALANCE	4 ENDING BALANCE	6 MINIMUM	7 MAXIMUM	8 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	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6 From Prior Year	7 Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting S/A Activity (a)	3 Total Separate Account (S/A) Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total (1 plus 3)		
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 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) Subset of Column 1
- (b) Subset of Column 3

Not for Distribution

Restricted Asset Category	Current Year			
	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)	Percentage	
			10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 Admitted Restricted to Total Admitted Assets (d)
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 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	\$	\$%%

- (c) Column 5 divided by Asset Page, Column 1, Line 28
- (d) Column 9 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	Gross (Admitted & Nonadmitted) Restricted							8 Total Current Year Admitted Restricted	Percentage	
	Current Year					6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)		9 Gross (Admitted & Nonadmitted) Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
	1 Total Gross Account (G/A)	2 G/A Supporting S/A Activity (a)	3 Total Separate Account (S/A) Restricted Assets	4 S/A Assets Supporting G/A Activity (b)	5 Total (1 plus 3)					
.....	\$	\$	\$	\$	\$	\$	\$	\$%%
.....
.....
Total (c)	\$	\$	\$	\$	\$	\$	\$	\$%%

- (a) Subset of column 2
- (b) Subset of column 3
- (c) Total Line for Columns 1 through 7 should equal 5L(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1)m Columns 9 through 11 respectively

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	Gross (Admitted & Nonadmitted) Restricted							Percentage		
	Current Year					6	7	8	9	10
	1	2	3	4	5					
Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted Assets	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
	\$	\$	\$	\$	\$	\$	\$%%	
Total (c)	\$	\$	\$	\$	\$	\$	\$%%	

- (a) Subset of column 1
- (b) Subset of column 3
- (c) Total Line for Columns 1 through 7 should equal 5L(1) in Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5L(1) in Columns 9 through 11 respectively

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

Collateral Assets	1 Book Adjusted Carrying Value (BACV)	2 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 B, Part 1%%
h. Schedule D, 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 23 (Column 1)

M. Working Capital Finance Investments

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

- (1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

	Gross Asset CY	Non-admitted Asset CY	Net Admitted Asset CY
a. WCFI Designation 1	\$	\$
b. WCFI Designation 2
c. WCFI Designation 3
d. WCFI Designation 4
e. WCFI Designation 5
f. WCFI Designation 6
g. Total	\$	\$	\$

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

- (2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs:

	<u>Book/Adjusted</u> <u>Carrying Value</u>
a. Up to 180 Days	_____
b. 181 Days to 360 Days	_____
c. Total	\$ _____

N. Offsetting and Netting of Assets and Liabilities

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

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets			
.....	\$	\$	\$
.....
.....
.....
.....
(2) Liabilities			
.....	\$	\$	\$
.....
.....
.....
.....

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

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

O. 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) LB&SS – AC
(3) Preferred Stock – AC
(4) Preferred Stock – FV
(5) Total (1+2+3+4)	\$	\$	\$

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
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	Separate 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, 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 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. Identification of whether the reporting entity has derivative contracts with financing premiums. (For purposes of this term, this includes scenarios in which the premium cost is paid at the end of the derivative contract or through out-of-the-money derivative contract.)
- E. 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.
- F. 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.
- G. 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.

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

Illustration:

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

H.

(1)

	<u>Fiscal Year</u>	<u>Derivative Premium Payments Due</u>
a. 2018	\$
b. 2019	
c. 2020	
d. 2021	
e. Thereafter	
f. Total Future Settled Premiums	\$

(2)

	<u>Un-discounted Future Premium Commitments</u>	<u>Derivative Fair Value With Premium Commitments (Reported on DB)</u>	<u>Derivative Fair Value Excluding Impact of Future Settled Premiums</u>
a. Prior Year	\$	\$	\$
b. Current Year	\$	\$	\$

Not for Distribution

9. Income Taxes

Instruction:

A. Disclose the components of the net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the reporting entity's financial statements as follows:

- (1) Disclose for the current year, the prior year and the change between years by tax character (ordinary and capital) the following:
 - a. The total of all gross deferred tax assets.
 - b. The total of all statutory valuation allowance adjustments.
 - c. The total of all adjusted gross deferred tax assets.
 - d. The total of all deferred tax assets nonadmitted as the result of the application of *SSAP No. 101—Income Taxes*.
 - e. The total of all net adjusted gross admitted deferred tax assets.
 - f. The total of all deferred tax liabilities.
 - g. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities).
- (2) Admission Calculation Components per *SSAP No. 101—Income Taxes*

For the current year, prior year and the change between years, disclose the amount of each result or component of the deferred tax asset admission calculation as provided in *SSAP No. 101—Income Taxes*.

- a. The amount of federal income taxes paid in prior years that can be recovered through loss carrybacks, by tax character (ordinary and capital).
- b. The amount of adjusted gross DTAs expected to be realized (excluding the amount of DTAs reported in 9A(2)a) after application of the threshold limitations, by tax character (ordinary and capital). (The amount determined in 9A(2)b1 limited by the amount determined in 9A(2)b2).
 1. The amount of adjusted gross DTAs, expected to be realized within the applicable period following the balance sheet date, by tax character (ordinary and capital). Refer to the applicable Realization Threshold Limitation Table in *SSAP No. 101—Income Taxes* to determine the applicable period.
 2. The amount of the applicable percentage of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for the current reporting period's statement filed with the domiciliary state commissioner adjusted to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill. Refer to *SSAP No. 101—Income Taxes* to determine the applicable percentage to be applied.

- c. The amount of adjusted gross DTAs (excluding the amount of DTAs reported in 9A(2)a and 9A(2)b) that can be offset against existing gross DTLs, by tax character (ordinary and capital).
 - d. The amount of DTAs admitted as the result of the application of *SSAP No. 101—Income Taxes* by tax character (ordinary and capital). (The sum of 9A(2)a, 9A(2)b and 9A(2)c.)
- (3) Disclose the ratio used to determine applicable period used in 9A(2)b1 for determining the amount of adjusted gross DTAs, expected to be realized and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in 9A(2)b2.
- (4) Disclose the impact of tax-planning strategies:
- a. On the determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage of total; The disclosure should provide the following information for current year, prior year and change between years:
 - 1. Adjusted gross DTAs by tax character Note 9A(1)c.
 - 2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.
 - 3. Net admitted adjusted gross DTAs by tax character Note 9A(1)e.
 - 4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.
 - b. State whether the tax-planning strategies include the use of reinsurance-related tax planning strategies.

Refer to *SSAP No. 101—Income Taxes*, Exhibit A – Implementation Questions and Answers, Question No. 13, for guidance on tax-planning strategies.

- B. To the extent that DTLs are not recognized for amounts described in paragraph 31 of FAS 109, disclose the following:
- (1) A description of the types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable;
 - (2) The cumulative amount of each type of temporary difference;
 - (3) The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable; and
 - (4) The amount of the DTL for temporary differences other than those in item (3) above that is not recognized.

- C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:
- Current tax expense or benefit;
 - The change in DTAs and DTLs (exclusive of the effects of other components listed below);
 - Investment tax credits;
 - The benefits of operating loss carry forwards;
 - Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
 - Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes. Reporting entities should disclose those items included as "Other" (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document.

- D. To the extent that the sum of a reporting entity's income tax incurred and the change in its DTAs and DTLs is different from the result obtained by applying the federal statutory rate to its pretax net income, a reporting entity should disclose the nature of the significant reconciling items.
- E. A reporting entity should also disclose the following:
- (1) The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes;
 - (2) The amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses; and
 - (3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code.
- F. If the reporting entity's federal income tax return is consolidated with those of any other entity or entities, provide the following:
- (1) A list of names of the entities with which the reporting entity's federal income tax return is consolidated for the current year, and
 - (2) The substance of the written agreement approved by the reporting entity's Board of Directors that sets forth the manner in which the total consolidated federal income tax for all entities is allocated to each entity that is a party to the consolidation. (If no written agreement has been executed, explain why such an agreement has not been executed.) Describe the method of allocation, setting forth the manner in which the entity has an enforceable right to recoup federal income taxes in the event of future net losses that it may incur or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

- G. For any federal or foreign income tax loss contingencies as determined in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* with the modifications provided in *SSAP No. 101—Income Taxes*, for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date, the reporting entity shall disclose an estimate of the range of the reasonably possible increase or a statement that an estimate of the range cannot be made.

Refer to *SSAP No. 101—Income Taxes* for accounting guidance on disclosure requirements, and INT 06-12 for more detail on protective tax deposits.

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:

	12/31/2018			12/31/2017			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)	\$	\$	\$	\$	\$	\$	\$	\$	\$

	12/31/2018			12/31/2017			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 Recoverable Through Loss Carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Related to 2(a))	\$	\$	\$	\$	\$	\$	\$	\$	\$
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.		2018	2017
(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.	12/31/2018		12/31/2017		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

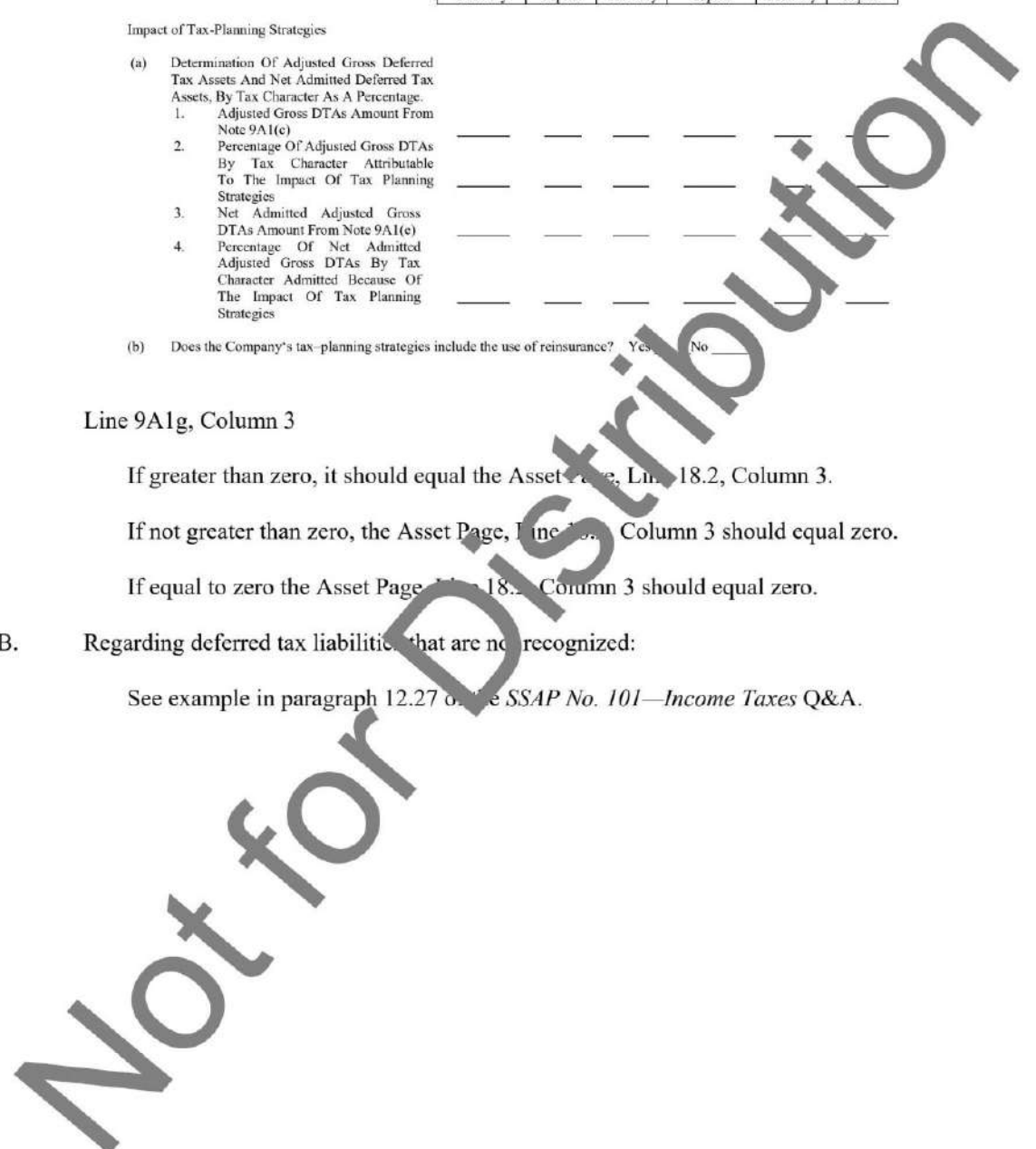
If greater than zero, it should equal the Asset Page, Line 18.2, Column 3.

If not greater than zero, the Asset Page, Line 18.2, Column 3 should equal zero.

If equal to zero the Asset Page, Line 18.2, Column 3 should equal zero.

B. Regarding deferred tax liabilities that are not recognized:

See example in paragraph 12.27 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) 12/31/2018	(2) 12/31/2017	(3) (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 are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions. The following information shall be provided if applicable:
 - (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.

O. SCA Loss Tracking

A reporting entity whose share of losses in an SCA exceeds its investment in the SCA shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA.) The disclosure shall apply beginning in the period the SCA investment initially falls below zero and shall continue to be disclosed as long as the SCA investment is in a deficit position. Tracking shall cease once the investment in an SCA has been in a surplus position for one annual reporting period.

This disclosure shall include:

- The name of the SCA entity
- The reporting entity's current period share of SCA net income (loss)
- The reporting entity's accumulated share of SCA losses not recognized during the period that the equity method was suspended
- The reporting entity's share of the SCA equity, including negative equity
- Whether a guaranteed obligation or commitment for financial support exists
- The SCA's reported value

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA have impacted other investments as required by INT 00-21: *EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee* and EITF 99-10: *Percentage Used to Determine the Amount of Equity Method Losses*.

Not for Distribution

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 YXC Real Estate Partners. The partnership investment in office properties in the NE United States has been adversely affected by corporate restructuring. This has affected the value of the properties that resulted in the write-down of the Company's investment in YXC 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 table 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)

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

O. SCA Loss Tracking

1 SCA Entity	2 Reporting Entity's Share of SCA Net Income (Loss)	3 Accumulated Share of SCA Net Income (Losses)	4 Reporting Entity's Share of SCA's Equity, Including Negative Equity	5 Guaranteed Obligation / Commitment for Financial Support (Yes / No)	6 SCA Reported Value
.....
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NOTE: This disclosure is only required for SCAs in which the reporting entity's share of losses exceeds the investment in an SCA. (The SCA investment is in a negative equity position). This disclosure shall apply beginning in the period the investment in the SCA equity initially falls below zero and shall continue to be disclosed as long as the SCA investment is in a negative equity position. The disclosure is required whenever an investment in an SCA entity is in a negative equity position and in the first year subsequent to the negative equity position in which a positive equity position has been attained.

For Column 6, as detailed in SSAP No. 97, once the reporting entity's share of losses equals or exceeds the investment in the SCA, the SCA shall be reported at zero, with discontinuation of the equity method, unless there is a guaranteed obligation or a commitment for future financial support. If there is a guaranteed obligation or a commitment for future financial support, the guarantee requirement shall be recognized pursuant to SSAP No. 5R, and the reporting entity shall report the investment in the SCA reflecting its share of losses as a contra-asset. *(Disclosure of the guarantee or commitment would be captured in Note 14 and is not duplicated in this disclosure.)*

11. Debt

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

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

The company does not have any reverse repurchase agreements.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE (LINES 2 THROUGH 4) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the Federal Home Loan Bank (FHLB) of _____. Through its membership the Company has conducted business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as _____. (For example -backup liquidity, to increase profitability, as tactical funding and/or to improve spread lending liquidity.) The Company has determined the actual/estimated maximum borrowing capacity as \$____. The Company calculated this amount in accordance with _____ (e.g., current FHLB capital stock, contributions in the FHLB capital plan, current and potential acquisitions of FHLB capital stock, etc.).

(2) FHLB Capital Stock

a. Aggregate Totals

	1 Total 2+3	2 General Account	3 Separate Accounts
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	XXX	XXX
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	XXX	XXX
11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)			
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)			

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

Membership Stock	1 Current Year Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 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 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)
2. Current Year General Account Total Collateral Pledged
3. Current Year Separate Accounts Total Collateral Pledged
4. Prior Year-end Total General and Separate Accounts 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)			
11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3, respectively)			
11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3, respectively)			

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Separate Accounts Maximum Collateral Pledged (Lines 2+3)
2. Current Year General Account Maximum Collateral Pledged
3. Current Year Separate Accounts Maximum Collateral Pledged
4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged

(4) Borrowing from FHLB

a. Amounts as of the Reporting Date

	1 Total 2+3	2 General Account	3 Separate Account	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt	XXX
(b) Funding Agreements
(c) Other	XXX
(d) Aggregate Total (a+b+c)
2. Prior Year-end				
(a) Debt	XXX
(b) Funding Agreements
(c) Other	XXX
(d) Aggregate Total (a+b+c)

b. Maximum Amount during Reporting Period (Current Year)

1 Total 2+3	2 General Account	3 Separate Accounts
-------------------	-------------------------	---------------------------

- | | | | |
|-------------------------------------|-------|-------|-------|
| 1. Debt | ..... | ..... | ..... |
| 2. Funding Agreements | ..... | ..... | ..... |
| 3. Other | ..... | ..... | ..... |
| 4. Aggregate Total
(Lines 1+2+3) | | | |

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

c. FHLB – Prepayment Obligations

Does the company have prepayment obligations under the following arrangements (YES/NO)?

- | | |
|-----------------------|-------|
| 1. Debt | ..... |
| 2. Funding Agreements | ..... |
| 3. Other | ..... |

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

The disclosures required for this Note shall be aggregated for all of a reporting entity's defined benefit pension plans and for all of a reporting entity's other defined benefit postretirement plans unless disaggregating in groups is considered to provide useful information or is otherwise required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* or *SSAP No. 102—Accounting for 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—Accounting for Pensions* for additional guidance.

Instruction:

A. Defined Benefit Plan

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

- (1) A reconciliation of beginning and ending balances of the benefit obligation for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.
 - Beginning balance
 - Service cost
 - Interest cost
 - Contributions by plan participants
 - Actuarial gains and losses
 - Foreign currency exchange rate changes
 - Benefits paid
 - Plan amendments
 - Business combinations, divestitures, curtailments, settlements, and special termination benefits
 - Ending balance
- (2) A reconciliation of beginning and ending balances of the fair value of plan assets for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.
 - a. Fair value of plan assets at beginning of year
 - b. Actual return on plan assets
 - c. Foreign currency exchange rate changes
 - d. Contributions by the reporting entity
 - e. Contributions by plan participants
 - f. Benefits paid
 - g. Business combinations, divestitures, and settlements
 - h. Fair value of plan assets at end of year
- (3) The funded status of the plans, the amounts recognized in the statement of financial position, showing separately the assets (nonadmitted) and liabilities recognized.

- (4) The amount of net periodic benefit cost recognized for pension benefits, postretirement benefits, and special or contractual termination benefits, showing separately each of the below. For special or contractual termination benefits, see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.
- 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—Accounting for 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—Accounting for 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 item” 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—Accounting for 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) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period.

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

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

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

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

G. Consolidated/Holding Company Plans

A reporting entity shall disclose that its employees participate in a plan sponsored by the parent company or holding company for which the reporting entity has no legal obligation for benefits under the plan. The amount of pension or 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. 1—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 postretirement benefit cost, it shall disclose the following:
 - a. The reduction in the net postretirement benefit cost for the subsidy related to benefits attributed to former employees.
 - b. The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period. That effect includes (1) any amortization of the actuarial experience gain in "a." above as a component of the net amortization called for by *SSAP No. 92—Postretirement Benefits Other Than Pensions*, (2) the reduction in current period service cost due to the subsidy, and (3) the resulting reduction in interest cost on the net postretirement benefit cost as a result of the subsidy.
 - c. Any other disclosures required by *SSAP No. 92—Postretirement Benefits Other Than Pensions* which requires disclosure of "An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by this statement."
- (3) An employer shall disclose gross benefit payments (paid and expected, respectively), including prescription drug benefits, and separately the gross amount of the subsidy receipts (received and expected, respectively).

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 as of 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 or 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	\$ _____	\$ _____	\$ _____	\$ _____

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

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

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) 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	\$	\$	\$	\$

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) 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	\$	\$	\$	\$	\$	\$

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.

(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	\$ _____	\$ _____	\$ _____	\$ _____

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.

(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:		
	d. Weighted-average discount rate	_____	_____
	e. Rate of compensation increase	_____	_____

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

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

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

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

(11)	Assume 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	\$ _____	\$ _____

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.

- (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.

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 issued.
- (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 name 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 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 \$ _____

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

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

Note 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 27.

The surplus note in the amount of \$ _____, listed as item _____ in the above table, was issued to _____ (parent) in exchange for _____.

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

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

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

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

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

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

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

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

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

Not for Distribution

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

	<u>Change in Year Surplus</u>	<u>Change in Gross Paid-in and Contributed Surplus</u>
2008	\$ _____	\$ _____
2007	\$ _____	\$ _____
2006	\$ _____	\$ _____
etc.		

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

14. Liabilities, Contingencies and Assessments

Instruction:

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

A. Contingent Commitments

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

Include any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) including the amount of equity contributions that are contingent commitments related to IHTC 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 payment under the guarantee is remote. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed:

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

- b. The potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. That maximum potential amount of future payments shall not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantee (which are addressed under 2c below). If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, that fact shall be disclosed. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, the guarantor shall disclose the reasons why it cannot estimate the maximum potential amount.
 - c. The nature of (1) any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee; and (2) any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee. The guarantor shall indicate, if estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee.
 - d. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee (including the amount, if any, recognized under *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*), regardless of whether the guarantee is freestanding or embedded in another contract.
- (3) An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered.

B. Assessments

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

For assessments with liabilities recognized under *SSAP No. 35R—Guaranty Fund and Other Assessments*, disclose the amount 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 to

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

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

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

C. Gain Contingencies

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

D. Claims Related Extra Contractual Obligations 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 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: \$_____.

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(2)

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

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

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

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(3)

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

B. Assessments

(1)

Where Amount is Unknown

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

Where Amount is Known (Retrospective Example)

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

Where Amount is Known (Prospective Example)

On _____, 20____, the company received notification of the insolvency of XYZ Insurance Company. It is expected that the insolvency will result in a prospective-based guaranty fund assessment against the company. A liability for this guaranty fund assessment has yet to be recognized as the conditions in paragraph 4 have not been met. (Pursuant to paragraph 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	\$

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

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(3)

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

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

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

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

C. Gain Contingencies

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

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

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

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

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

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

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

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

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. 21-100 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) At December 31, 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 sale-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 Disclosure 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:

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(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**, net fees and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.
 - c. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses and prepayment speeds). An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, also is encouraged, but not required to disclose the quantitative and qualitative information about the assumptions used to estimate the fair value of these 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 pre-payable financial assets; and anticipated credit losses, including expected static pool losses).
 - If an entity has aggregated multiple transfers during a period, it may disclose the range of assumptions.
 - The weighted-average life of pre-payable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products and dividing the sum by the initial principal balance.
 - Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets.
2. Cash flows between a transferor and transferee, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets, servicing fees and cash flows received from a transferor's beneficial interests.

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

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

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

C. Wash Sales

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

- (1) A description of the reporting entity’s objectives regarding these transactions; and
- (2) An aggregation of transactions by NAIC Designation 3 or below or unrated.

Include

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

Illustration:

A. Transfers of Receivables Reported as Sales

- (1) During 20__ the company sold \$ _____ of agent balances without recourse to the ABC Company.
- (2) The company realized a loss of \$ _____ as a result of the sale.

C. Wash Sales

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

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

<u>Description</u>	<u>NAIC Designation</u>	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain (Loss)</u>
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____

Note: Examples of values for the Description Column are Bonds, Preferred Stocks, Common Stocks, etc.
 The NAIC Designation Column should indicate 3 through 6 for those transactions for securities that would have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., bonds and preferred stocks).
 For those transactions for securities that would not have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., real estate mortgage loans and common stocks), leave the column blank.

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

Instruction:

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

A. ASO Plans

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

For the total and each category separately provide:

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

B. ASC Plans

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

For the total and each category separately provide:

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

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

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

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

Illustration:

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A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans 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	\$ _____	\$ _____	\$ _____

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B. ASC Plans

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

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

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

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

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

ABC Company \$ _____
 XYZ Company \$ _____

- (3) In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) 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 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 *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 or net asset value (NAV) in the statement of financial position after initial recognition, the valuation techniques and the inputs used to develop those measurements; and

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

To meet these objectives, the reporting entity shall disclose the information in paragraphs (1) through (4) below for each class of assets and liabilities measured and reported¹ at fair value or NAV in the statement of financial position after initial recognition. The reporting entity shall determine appropriate classes of assets and liabilities in accordance with the annual statement instructions.

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

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

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

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

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

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

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

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

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

- a. Quantitative information about the input, for example, for certain debt securities or derivatives, information such as, but not limited to, prepayment rates, rates of estimated credit losses, interest rates (for example the LIBOR swap rate) or discount rates and volatilities.
- b. The nature of the item being measured at fair value, including the characteristics of the item being measured that are considered in the determination of relevant inputs. For example, for residential mortgage-backed securities, a reporting entity might disclose the following:
 - The types of underlying loans (for example, prime loans or subprime loans)
 - Collateral
 - Guarantees or other credit enhancements
 - Seniority level of the tranches of securities
 - The year of issue
 - The weighted-average coupon rate of the underlying loans and the securities
 - The weighted-average maturity of the underlying loans and the securities
 - The geographical concentration of the underlying loans
 - Information about the credit ratings of the securities
- c. How third-party information such as broker quotes, pricing services, net asset values and relevant market data was considered in measuring fair value.

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

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

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

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

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

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

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

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

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

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

- D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments and the investment does not qualify for the NAV practical expedient, 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.

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

- The NAV along with a description of the investment/investment strategy of the investee.
- If the investment that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees.
- The amount of the reporting entity's unfunded commitments related to investments in the class.
- A general description of the terms and conditions upon which the investor may redeem the investment.
- The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity shall disclose that fact and how long the restriction has been in effect.
- Any other significant restriction on the ability to sell investments in the class at the measurement date.
- If a group of investments would otherwise meet the criteria in *SSAP No. 100R—Fair Value* but the individual investments to be sold have not been identified (for example, if a reporting entity decides to sell 20% of its investments in private equity funds but the individual investments to be sold have not been identified), so the investments continue to qualify for the practical expedient in *SSAP No. 100R—Fair Value*, the reporting entity shall disclose its plans to sell and any remaining actions required to complete the sale(s).

Not for Distribution

Illustration:

A.

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

(1) Fair Value Measurements at Reporting Date

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

Example Footnote:

(a) \$X,XXX transferred from Level 1 to Level 2 as an alternative method was utilized to determine fair value as active market 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.

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

C.

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

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

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

D. Not Practicable to Estimate Fair Value

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

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

21. Other Items

Instruction:

A. Unusual or Infrequent Items

Disclose the nature and financial effects of each unusual or infrequent event or transaction. Gains or losses of 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 fund, 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 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 Summary of Operations.

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-down as a result of impairment analysis of the carrying amount for state transferable and non-transferable tax credits.

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- (4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Non-admitted</u>
a. Transferable	_____	_____
b. Non-transferable	_____	_____

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

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

	<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 17)	\$ _____	\$ _____
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 17 minus 22B above)	\$ _____	\$ _____
G. Authorized Control Level	\$ _____	\$ _____
H. Would reporting the ACA assessment as of December 31, 2018, 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 credits?

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 company to the reinsurer and for which such obligation is not presently accrued? Where necessary, the company 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 as an asset or as a reduction of liability, for these agreements in this statement? \$ _____

- (2) Does the company 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. Claims incurred
- b. Claim 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) Claims incurred
- (2) Claim 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.

E. For reinsurance of variable annuity contracts/certificates with an affiliated captive reinsurer, the reporting entity shall disclose the following for each transaction in the annual financial statements:

- The type of benefits being reinsured (e.g. GMDB, GLIB and other guaranteed benefits);
- A description that accurately conveys the purpose of the transaction and significant terms of the reinsurance agreements.

For purposes of this disclosure, “purpose” includes, but is not limited to the following:

- ❖ Providing financing for the business outside of the company capital structure,
 - ❖ Managing volatility of financial results,
 - ❖ Managing risk mitigations by isolating risks in a legal entity,
 - ❖ Enhancing the ability to align hedging activity with economic results, and
 - ❖ Any other sound business rationale, identified and justified.
- A description of any risks retroceded to a third party as well as the ultimate risks retained by the reporting entity and its parent, subsidiaries and affiliates.
 - Whether the reporting entity reinsures variable annuities in a stand-alone captive arrangement, or a multi-product captive arrangement.
 - The amount of reserves held by the affiliated captive reinsurer, the reserve methodology for the affiliated captive reinsurer’s financial statements, brief description of the hedge target and how the reserve methodology differs from the requirements of G43.

The purpose of this disclosure is to capture all 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.

Given this purpose, an affiliated captive reinsurer is any entity that meets the definition of “Affiliate” as 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 in its domicile:

- 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.
- 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.
- 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.

F. For each reinsurance agreement with an affiliated captive reinsurer (same definition as 23E), provide the following information in the annual financial statements:

- Reserve credit taken by the reporting entity for variable annuities.
- The total amount of collateral supporting any reserve credit taken, if applicable.
- A description of the nature of the collateral (funds withheld by the reporting entity, assets placed in trust for the benefit of the cedent, Letters of Credit (LOC), etc.), if applicable as well as a tabular presentation of the value of all assets held by or on behalf of the captive reinsurer that back the variable annuities liabilities (including capital).

List the major asset classes, such as bonds, unconditional LOC's, conditional LOC's and LOC-like instruments, parental guarantees, etc. Note which assets that would not normally meet the definition of an admitted asset under SSAP No. 4.

Indicate the basis of the valuation of the assets (carrying value, fair value, statutory, etc.)

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework

Disclose for ceding entities that utilize captives to assume reserves subject to the XXX/AXXX captive framework the following:

(1) For each captive reinsurer in which a risk-based capital shortfall exists per the Risk-Based Capital XXX/AXXX Captive Reinsurance Consolidated Exhibit (Line 10 amount greater than zero):

- a. List the name of the captive reinsurer and the dollar amount of the risk-based capital shortfall.

Provide the Cession ID, NAIC Company Code and ID Number used for the captive reinsurer used for the Supplemental XXX/AXXX Reinsurance Exhibit.

- b. List the Total Adjusted Capital (TAC) for the current year, as reported in the Five Year Historical Data page of the annual statement, along with the quantity of the sum of the Total Adjusted Capital (TAC), and the total of the risk-based capital shortfalls. See *SSAP No. 61R—Life Reinsurance* for additional guidance.

(2) For each captive reinsurer for which a non-zero Primary Security Shortfall is shown on the Risk-Based Capital XXX/AXXX Reinsurance Primary Security Shortfall by Cession exhibit, list the name of the reinsurer (Column 4 of the exhibit) and the amount of Primary Security Shortfall (Column 5 of the exhibit). Also show the total shortfall from that exhibit across all captive reinsurers.

Provide the Cession ID, NAIC Company Code and ID Number used for the captive reinsurer used for the Supplemental XXX/AXXX Reinsurance Exhibit.

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, the amount of: \$ _____

That is reflected as:

a.	Claims incurred	\$ _____
b.	Claims adjustment expenses incurred	\$ _____
c.	Premiums earned	\$ _____
d.	Other	\$ _____
e.	<u>Company</u>	<u>Amount</u>
	XYZ	\$ _____
	ZYX	\$ _____

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

C. Commutation of Reinsurance Reflected in Income and Expenses.

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

(1)	Claims incurred	\$ _____
(2)	Claims 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

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

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

a.

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

.....
.....
.....
.....

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

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

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

a.

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

.....
.....
.....
.....

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

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/ AXXX Captive Framework

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (LINES 1 AND 2) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

- (1) Captive Reinsurers in Which a Risk-Based Capital Shortfall Exists per the Risk-Based Capital XXX/AXXX Captive Reinsurance Consolidated Exhibit:

a. Captives with Risk-Based Capital Shortfall

1 Cession ID	2 NAIC Company Code	3 ID Number	4 Name of Captive Reinsurer	5 Amount of Risk- Based Capital Shortfall
.....	\$
.....	\$
.....	\$
Total			

b. Effect of Risk-Based Capital Shortfall on Total Adjusted Capital (TAC)

1. Total Adjusted Capital (TAC) (Five-Year Historical Line 17)	\$
2. Risk-Based Capital Shortfall (Sum of G(1)a1 Column 5)	\$
3. Total Adjusted Capital (TAC) Before Risk-Based Capital Shortfall (1)b1 + G(1)b2)	\$

- (2) Captive Reinsurers for Which a Non-Zero Primary Security Shortfall is Shown on the Risk-Based Capital XXX/AXXX Reinsurance Primary Security Shortfall by Cession Exhibit

Cession ID	NAIC Company Code	ID Number	Name of Captive Reinsurer	Amount of Primary Security Shortfall
.....	\$
.....	\$
.....	\$
Total			

Not for Distribution