ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

the Other for Asset-Backed Securities (ABS); Update the Other Parts of the Annual Statement that Reference the Revised Bond Categories (Attachment Two-B)

Blanks (E) Working Group Agenda Item Submission Form; Agenda Item #2023-07BWG Modified; Effective First Quarter 2025; Update the Code Column and Delete the LEI Column for Schedules A, B, BA, D Part 2, D Part 6, and E Part 1; Revise the Code Column to be Restricted Asset Code Column; Remove the Code Characteristic; Move the Foreign Code Column from the Printed View to an Electronic-Only Column. Renumber Subsequent Columns (Attachment Two-C)

Memorandum Dated September 13, 2023, to Pat Gosselin, Chair of the Blanks (E) Working Group, from Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group, Regarding Third Quarter 2023 Disclosures, *INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* (Attachment Two-D)

Memorandum Dated October 30, 2023, to Pat Gosselin, Chair of the Blanks (E) Working Group, from Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group, Regarding 2023 Impacts to the Annual Statement Notes and Instructions (Attachment Two-E)

Blanks (E) Working Group Editorial Revisions to the Blanks and Instructions Presented at the November 7, 2023, Meeting (Attachment Two-F)

State Filing Checklists for Health, Life, Property/Casualty, and Title (Attachment Two-G)

Draft Pending Adoption

Draft: 12/13/23

Accounting Practices and Procedures (E) Task Force
Orlando, FL
December 2, 2023

The Accounting Practices and Procedures (E) Task Force met in Orlando, FL, Dec. 2, 2023. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Mike Causey, Vice Chair, represented by Jackie Obusek (NC); Lori K. Wing Heier represented by David Phifer (AK); Mark Fowler represented by Sheila Travis and Blase Abreo (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Kim Hudson (CA); Andrew N. Mais represented by Michael Shanahan (CT); Karima M. Woods represented by N. Kevin Brown (DC); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Carolyn Morgan and Jane Nelson (FL); Doug Ommen represented by Kevin Clark (IA); Dean L. Cameron represented by Jessie Adamson (ID); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Vicki Lloyd, (KY); James J. Donelon represented by Melissa Gibson and Stewart Guerin (LA); Gary D. Anderson represented by John Turchi (MA); Anita G. Fox represented by Steve Mayhew (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by Debbie Doggett (MO); Troy Downing represented by Erin Synder (MT); Jon Godfread represented by Colton Schulz (ND); Eric Dunning represented by Lindsay Crawford (NE); D.J. Bettencourt represented by Pat Gosselin (NH); Justin Zimmerman represented by David Wolf (NJ); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Diane Carter (OK); Elizabeth Kelleher Dwyer represented by John Tudino and Ted Hurley (RI); Michael Wise represented by Lauren Robertson (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Jon Pike represented by Jake Garn and Malis Rasmussen (UT); Scott A. White represented by Doug Stolte (VA); Kevin Gaffney represented by Karen Ducharme and Dan Petterson (VT); Mike Kreidler represented by Steve Drutz (WA); Nathan Houdek represented by Amy Malm (WI); and Allan McVey represented by Mary Jo Lewis (WV).

1. Adopted its Summer National Meeting Minutes

Walker directed the Task Force to its Summer National Meeting minutes.

Obusek made a motion, seconded by Malm, to adopt the Task Force's Aug. 14 minutes (*see NAIC Proceedings – Summer 2023, Accounting Practices and Procedures (E) Task Force*). The motion passed unanimously.

2. Adopted the Report of the Statutory Accounting Principles (E) Working Group

Bruggeman provided the report of the Statutory Accounting Principles (E) Working Group, which met Dec. 1. During this meeting, the Working Group adopted its Oct. 31 (e-vote), Oct. 24 (e-vote), Oct. 23, Sept. 21, and Summer National Meeting minutes.

During its Oct. 31 e-vote, the Working Group exposed revisions to *Statement of Statutory Accounting Principles (SSAP) No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock* to clarify that investments that are in substance residual interests are to be reported on Schedule BA on the dedicated reporting line for residuals for a public comment period that ended Nov. 15. (Ref #2023-23)

During its Oct. 24 e-vote, the Working Group exposed *Interpretation (INT) 23-04T: Life Reinsurance Liquidation Questions*, which provides accounting and reporting guidance for ceding entities with a life reinsurance counterparty in liquidation for a public comment period that ended Nov. 15.

Draft Pending Adoption

During its Oct. 23 meeting, the Working Group:

A. Adopted with modification in several SSAPs certain aspects of *Accounting Standards Update (ASU) 2016-19–Technical Corrections and Improvements* and revisions to *SSAP No. 92—Postretirement Benefits Other Than Pensions* to change the term "insurance contracts" to "insurance annuities" consistent with *SSAP No. 102—Pensions*. (Ref #2023-18)

B. Adopted revisions to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 21R—Other Admitted Assets* that clarify that pledged collateral must qualify as an admitted invested asset for a collateral loan to be admitted. The revisions require audits and the use of fair value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies (LLCs), or joint ventures. (Ref #2022-11)

C. Adopted revisions to SSAP No. 92 and SSAP No. 102 to remove the transition guidance, as the 10-year applicable transition period has ended. (Ref #2023-21)

D. Rejected *ASU 2018-09—Codification Improvements* (Ref #2023-19) and *ASU 2020-10—Codification Improvements* (Ref #2023-20) through Appendix D as not applicable for statutory accounting.

During its Sept. 21 meeting, the Working Group:

A. Adopted revisions to *SSAP No. 43R—Loan-Backed and Structured Securities* to clarify the scope and reporting for investment structures that represent residual interests. (Ref #2023-12)

B. *Adopted INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax*, which recommends for third-quarter 2023 that reporting entities should disclose whatever information is available regarding their applicable reporting entity status.

C. Adopted *INT 23-03: Corporate Alternative Minimum Tax Guidance*, which provides guidance effective beginning year-end 2023 reporting of the corporate alternative minimum tax, which applies *SSAP No. 101—Income Taxes* with modification and provides disclosures. (Ref #2023-04)

During its Dec. 1 meeting, the Working Group adopted the following clarifications and new concepts to statutory accounting guidance:

A. *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Adopted new statutory accounting principle (SAP) concept revisions to further restrict the investments that are permitted for cash equivalent and short-term reporting, with an effective date of Jan. 1, 2025. The revisions exclude all Schedule BA: Other Long-Term Investments and mortgage loans. (Ref #2023-17)

B. SSAP No. 30R and SSAP No. 32R: Adopted revisions clarify that investments that are in substance residual interests shall be reported on Schedule BA on the dedicated reporting line for residuals, effective year-end 2023. (Ref #2023-23)

C. *SSAP No. 54R—Individual and Group Accident and Health Contracts*: Adopted revisions clarify that gross premium valuation (under *A-010, Minimum Reserve Standards for Individual and Group Health*) and cash-flow testing (under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* [AG 51]) are both required if indicated. (Ref #2023-22)

D. *Annual Statement Instructions:* Adopted revisions to update and remove guidance that has permitted allocation of non-interest-related losses to the interest maintenance reserve (IMR) with an effective date of Jan. 1, 2024. The revisions address mortgage loans with valuation allowances and debt securities with known credit events. (Ref #2023-15)

Bruggeman stated that the Working Group exposed the following SAP concepts and clarifications to statutory accounting guidance for a public comment period ending Feb. 9, 2024, except for agenda items 2019-21, 2023-16, and 2023-28, which have a public comment period ending Jan. 22, 2024, and INT 23-04, which has a public comment period ending Dec. 29, 2023:

A. SSAP No. 21R: Exposed revisions to SSAP No. 21R to incorporate a new measurement method for residual interests. The revisions incorporate industry's proposal of an "effective yield with a cap" method, as well as a practical expedient to allow the "cost recovery" method. (Ref #2019-21)

B. SSAP No. 21R: Exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to enable state insurance regulators with the ability to quickly identify the type of collateral that supports admittance of collateral loans. (Ref #2023-28)

C. *SSAP No. 34—Investment Income Due and Accrued, SSAP No. 48R—Joint Ventures, Partnerships and Limited Liability Companies, SSAP No. 93—Low-Income Housing Tax Credit Property Investments,* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits:* Exposed revisions to update the proposed guidance for investments in tax credits and acquired tax credits in response to the comments received. The exposure also requests comments on updated annual statement reporting categories for tax credit investment risk-based capital (RBC). (Ref #2022-14)

D. SSAP No. 48: Exposed revisions to further define for consistency purposes the investments captured as non-registered private funds, joint ventures, partnerships or LLCs, or residual interests be reported based on the underlying characteristics of assets. (Ref #2023-16)

E. *SSAP No. 58—Mortgage Guaranty Insurance*: Exposed intent to review the revisions to the *Mortgage Guaranty Insurance Model Act* (#630) for incorporation into SSAP No. 58 and Appendix A-630 as applicable. The exposure requests input on an effective date. (Ref #2023-31)

F. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Exposed revisions to update the language in paragraph 24 on audits and admissibility to better align with guidance in paragraphs 26 and 27 on the look-through methodology. (Ref #2023-30)

G. *Various SSAPs, ASU 2016-13 Financial Instruments–Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments and Other Related ASUs (CECL)*: Exposed revisions to reject current expected credit loss (CECL) within *INT 06-07: Definition of Phrase "Other Than Temporary"* and 15 applicable SSAPs. (Ref #2023-24)

H. *Annual Statement Instructions*: Exposed revisions to clarify that realized gains and losses on perpetual preferred stock shall not be added to the IMR, regardless of NAIC designation, and shall follow the same concepts that exist for common stock in reporting realized gains/losses to the asset valuation reserve (AVR). (Ref #2023-29)

I. *INT 23-04T: Life Reinsurance Liquidation Questions*: Exposed revisions to INT 23-04 provide accounting and reporting guidance for ceding entities with the life reinsurance counterparty, Scottish Re, in liquidation. This requires following existing life reinsurance guidance and requires nonadmission of unpaid claims and other amounts that are either in dispute or not collateralized by an A-785 compliant trust. It allows admission of undisputed claims incurred before contract cancellation, and paid before the reporting period, and undisputed amounts that are secured by an A-785 compliant trust.

J. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting (GAAP) standards were exposed with revisions to reject, as they are not applicable to statutory accounting:

   i. *ASU 2023-03, Amendments to SEC Paragraphs* (Ref #2023-25)

   ii. *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)

Bruggeman stated that the Working Group moved the following items to the disposed listing without statutory revisions:

A. Agenda item 2023-03: *C-2 Mortality Risk Note*, was moved to disposed, noting a replacement general interrogatory blanks proposal was exposed.

B. Agenda item 2016-20: *ASU 2026-20 – Credit Losses*, which originally started to address CECL, was moved to disposed, noting a replacement agenda item 2023-24 was exposed.

Bruggeman stated that the Working Group directed NAIC staff on the following items:

A. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: The Working Group established a long-term project to incorporate accounting guidance for AVR and IMR. (Ref #2023-14)

B. *INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*: The Working Group deferred action and directed NAIC staff to continue working with interested parties on the proposal. (Ref #2022-12)

C. *ASU 2023-06, Codification Amendments in Response to the SEC's Disclosure Update:* The Working Group deferred action on pending agenda Item 2023-26.

Bruggeman stated that the Working Group received updates on the following:

A. U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.

B. Life Actuarial (A) Task Force Coordination Memorandum noting that no Working Group action is required.

C. NAIC staff monitoring of International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities.

Bruggeman made a motion, seconded by Crawford, to adopt the report of the Statutory Accounting Principles (E) Working Group (Attachment One). The motion passed unanimously.

3. Adopted the Report of the Blanks (E) Working Group

Gosselin provided the report of the Blanks (E) Working Group, which met Nov. 7. During this meeting, the Working Group adopted its July 27 minutes. During its Nov. 7 meeting, the Working Group re-exposed the following proposal for an additional public comment period:

A. 2023-05BWG Modified – Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for identity theft insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown from data collection and remove the question in the interrogatories regarding tail policies.

B. 2023-12BWG Modified – Categorize debt securities on Schedule BA that do not qualify as bonds under *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* or SSAP No. 43R and are captured in scope of SSAP No. 21R.

Gosselin stated that the Working Group adopted its editorial listing and the following proposals:

A. 2023-06BWG – Split the Schedule D, Part 1, into two sections: one for issuer credit obligations and the other for asset-backed securities (ABS). Update the other parts of the annual statement that reference the bond lines of business.

B. 2023-07BWG – Update the code column and delete the legal entity identifier (LEI) column for the following investment schedules: Schedules A, B, BA, D Part 2, D Part 6, and E Part 1.

Gosselin stated that the Working Group exposed three new items for a 75-day public comment period ending Jan. 22, 2024.

Gosselin stated that the Working Group received the following memorandums from the Statutory Accounting Principles (E) Working Group:

A. SAPWG INT 23-01: Net Negative (Disallowed) IMR

B. Statutory Accounting Principles (E) Working Group year-end updates:

   i. Ref #2023-13: Payment in Kind (PIK) Interest Disclosure Clarification

   ii. *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective the third quarter of 2023 only)

   iii. Ref #2023-04; *INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective year-end 2023 reporting and thereafter)

   iv. Ref # 2023-12: Residuals in SSAP No. 48 investments

   v. Ref #2023-2: Removal of transition guidance from SSAP No. 92 and SSAP No. 102

Gosselin stated that the Working Group approved the state filing checklist templates.

Gosselin made a motion, seconded by Hudson, to adopt the report of the Blanks (E) Working Group (Attachment Two). The motion passed unanimously.

Having no further business, the Accounting Practice and Procedures (E) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/Minutes APPTF Fall 23 National Meeting.docx

Draft: 12/13/23

Statutory Accounting Principles (E) Working Group
Orlando, Florida
December 1, 2023

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force met in Orlando, FL, Dec. 1, 2023. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Sheila Travis (AL); Kim Hudson (CA); William Arfanis (CT); Rylynn Brown (DE); Cindy Andersen (IL); Stewart Guerin and Melissa Gibson (LA); Judy Weaver (MI); Doug Bartlett and Pat Gosselin (NH); Bob Kasinow (NY); Diana Sherman (PA); Jamie Walker (TX); Doug Stolte (VA); and Amy Malm (WI).

1. Adopted its Oct. 31, Oct. 24, Oct. 23, Sept. 21, and Summer National Meeting Minutes

The Working Group conducted an e-vote that concluded Oct. 31 to expose agenda item 2023-23: *Residuals in Preferred Stock and Common Stock Structures*. The Working Group conducted an e-vote that concluded Oct. 24 to expose a tentative *Interpretation (INT) 23-04T: Life Reinsurance Liquidation Questions*.

During its Oct. 23 meeting, the Working Group took the following action: 1) adopted four agenda items; 2) heard comments and received Working Group direction on agenda item 2022-11: *Collateral for Loans;* and 3) discussed INT 23-04T.

During its Sept. 21 meeting, the Working Group took the following action: 1) heard comments and considered action on three items exposed during the Summer National Meeting; and 2) discussed agenda item *2023-22: Actuarial Guideline 51 and Appendix A-010 Interaction*.

Additionally, the Working Group met Nov. 27 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) and paragraph 6 (consultations with NAIC staff related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss the Summer National Meeting agendas.

Walker made a motion, seconded by Sherman, to adopt the Working Group's Oct. 31, (Attachment One-A), Oct. 24 (Attachment One-B), Oct. 23 (Attachment One-C), Sept. 21 (Attachment One-D) and Aug. 13 minutes (*see NAIC Proceedings – Summer 2023, Accounting Practices and Procedures (E) Task Force, Attachment One*). The motion passed unanimously.

2. Reviewed Comments on Exposed Items

   A. Agenda Item 2019-21

Bruggeman directed the Working Group to agenda item *2019-21: Principles-Based Bond Definition*. Julie Gann (NAIC) stated that during the Summer National Meeting, the Working Group exposed revisions *to Statement of Statutory Accounting Principle* (SSAP) *No. 21R—Other Admitted Assets* to provide guidance for debt securities that do not qualify as bonds, as well as to detail the accounting for residual tranches.

Gann stated that interested parties noted a disconnect between the guidance for residuals that is in *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and *SSAP No. 43R—Loan-Backed and Structured Securities*, and the proposed guidance in SSAP No. 21R, because of the different effective dates. She stated that this will be resolved after the SSAP No. 21 guidance becomes effective with references between the SSAPs. Gann stated that no comments were received on the guidance for the debt securities that did not qualify as bonds. However, comments were received on the measurement method for residuals. She stated that interested parties proposed two measurement options for residuals. One method proposed using servicer reports to identify what portion was interest and what portion was a return of principal. The other method was an effective yield with a cap method. She stated that the revised SSAP No. 21R guidance proposed to incorporate the effective yield with a cap method proposed by interested parties, slightly revised from what was detailed in the comment letter, but generally the same concepts, as well as a practical expedient to allow the cost recovery method. Gann stated that interested parties also made comments on the impairment guidance, which has also been included with the revised measurement method. She stated that NAIC staff recommend exposure of the revised SSAP No. 21R, with a shortened public comment period ending Jan. 22, 2024, as the *Schedule BA—Other Long-Term Invested Assets* reporting revisions are currently exposed by the Blanks (E) Working Group, and NAIC staff would like to consider adoption of this guidance prior to that adoption.

Gann stated that the Blanks (E) Working Group adopted the reporting to split *Schedule D, Part 1—Long-Term Bonds Owned* into two separate schedules as well as revisions to other investment schedules. Gann stated that she hopes to have training available to the public in January 2024.

Andrew Morris (Global Atlantic), on behalf of interested parties, stated that the new exposure appears to show alignment around the main concepts, which address both regulator concerns and interested parties' comments. He also stated that interested parties are looking forward to reviewing the revised exposure and working with NAIC staff and regulators over the next months.

Clark made a motion, seconded by Hudson, to expose the revisions to SSAP No. 21R, for a shortened public comment period ending Jan. 22, 2024. The motion passed unanimously.

B. <u>Agenda Item 2022-12</u>

Bruggeman directed the Working Group to agenda item *2022-12: Review of INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*. Robin Marcotte (NAIC) stated that on Aug. 13, the Working Group re-exposed the intent to nullify INT 03-02. She stated that interested parties provided useful examples that were helpful and recommended the Working Group defer action and direct NAIC staff to continue working with interested parties on a proposal for discussion at the 2024 Spring National Meeting.

C. <u>Agenda Item 2022-14</u>

Bruggeman directed the Working Group to agenda item *2022-14: New Market Tax Credits*. Wil Oden (NAIC) stated that on Aug. 13, the Working Group exposed revisions to *SSAP No. 93—Low-Income Housing Tax Credit Property Investments* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*. On Sept. 29, interested parties provided NAIC staff with a comment letter on the exposed revisions to SSAP No. 93 and 94R.

Oden stated this agenda item was drafted in response to the federal Inflation Reduction Act and subsequent issuance of *Accounting Standard Update (ASU) 2023-02: Investments—Equity Method and Joint Ventures*, which was drafted to provide U.S. generally accepted accounting principles (GAAP) guidance on the application of the proportional amortization method for federal income tax equity investments. Since the initial discussion documents circulated in 2022, the project has been expanded by broadening the scope of SSAP No. 93 to include any qualifying tax credit investment, regardless of structure, or the type of state or federal tax credit program.

The project now also includes revisions to expand the scope of SSAP No. 94R to include both state and federal purchased tax credits.

Oden stated that on Sept. 29, comments were received from interested parties. Most of the interested parties' proposed revisions are shown in the discussion materials as tracked changes to the Fall National Meeting exposure drafts for exposure consideration. NAIC staff provided detailed responses to each interested party's comments in the Form A status section. He recommended that the Working Group expose additional revisions to SSAP No. 93 and SSAP No. 94R, as well as new proposed changes to *SSAP No. 34—Investment Income Due and Accrued* and SSAP No. 48.

Oden summarized some of the more significant proposed revisions to SSAP No. 93, SSAP No. 94R, SSAP No. 34, and SSAP No. 48. For SSAP No. 93, Oden stated that, at interested parties' request, a glossary of key terms was added, as well as a number of changes to the paragraph 18 admittance test. The effective date was also amended to be proposed as Jan. 1, 2025, applied prospectively without an option to early adopt. A new paragraph was added to the impairment section to provide guidance on tax credit programs, which allocate variable amounts of tax credits and additional disclosures for unused tax credits allocated from tax credit investments. For SSAP No. 94R, Oden stated that new language was added, which clarified that awarded tax credits, neither purchased nor allocated from an investment, were not within the scope of SSAP No. 94R. The effective date was also amended to be proposed to Jan. 1, 2025, applied prospectively with early adoption allowed. For SSAP No. 34, a new sentence was proposed to clarify that tax credits earned or purchased are not within the scope of SSAP No. 34. For SSAP No. 48, revisions were proposed to amend existing language to conform with the new tax credit investment revisions proposed in SSAP No. 93.

Oden noted that while not all of the interested parties' proposed revisions to paragraph 18 were included, NAIC staff intend to continue working with industry to address their concerns that the new guidance may not admit previously admitted tax credit investments. As a final note, Oden requested comments from state insurance regulators and industry on the annual statement reporting categories for tax credit investment RBC. The current RBC categories are low-income housing tax credit investment-specific and are mapped to the real estate grouping.

Bruggeman stated he had received a flowchart from NAIC staff, which would be provided to regulators at a later date to use when reviewing the proposed changes.

Lauren Tonetti (Nationwide) stated that the focus of the last round of comments were centered on the admittance test and concerns of how the new guidance may not admit previously admitted tax credits. She stated that Nationwide specifically suggested broadening the language to admit tax products that can be transferable or sold and look forward to working with NAIC staff further on this issue. She also acknowledged NAIC staff requests for comments on the annual statement and reporting categories for risk-based capital (RBC). She said Nationwide appreciates the raising of this issue and intends to take that back for discussion.

Walker made a motion, seconded by Sherman, to expose revisions to SSAP No. 34, SSAP No. 48, SSAP No. 93, and SSAP No. 94R. The motion passed unanimously.

D. Agenda Item 2023-14

Bruggeman directed the Working Group to agenda item *2023-14: SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*. Gann stated that the Working Group exposed this agenda item as a new statutory accounting principle (SAP) concept, with the intent to establish a long-term project to capture accounting guidance for asset valuation reserve (AVR) and interest maintenance reserve (IMR) in SSAP No. 7, but ultimately points to the annual statement instructions in accordance with the hierarchy. Gann stated that the SSAPs are the highest in the statutory hierarchy, so the accounting guidance should reside in the statements of statutory accounting principles. She stated that the Working Group exposed this for public comment and that the American Council of Life Insurers (ACLI) submitted a comment letter supporting this project, and interested parties concurred. She noted that this agenda item is a formality to direct NAIC staff to proceed with the long-term project, which has already started with meetings of the Interest Maintenance Reserve ad hoc group.

Bruggeman stated that the ad hoc group comprises Working Group members, Life Actuarial (A) Task Force members, and industry accountants and life actuaries.

E. Agenda Item 2023-15

Bruggeman directed the Working Group to agenda item *2023-15: IMR and AVR Specific Allocations.* Gann stated that the Working Group exposed this agenda item as a new SAP concept to remove guidance from the annual statement instructions that could direct items to go to IMR that could potentially reflect credit losses and not interest-related losses. She stated that this item proposed to focus on mortgage loans and debt securities. Gann stated that for the mortgage loan guidance, proposed revisions identify that any mortgage loan with evaluation analysis should go to AVR, regardless of if it were 90 days past due. She stated that with debt securities, the Working Group exposed guidance to include both the NAIC designation and the designation category and whether a security had gone down by more than one designation. Gann stated that language was incorporated to direct classification to IMR when an event had occurred that had not yet been reflected in a credit rating, or the NAIC designation, to make sure that those went to AVR. She stated that interested parties submitted detailed comments expressing opposition to the expansion of the NAIC designation and any NAIC designation category for this point in time. She stated that NAIC staff agree with maintaining the current guidance, which relies on the designation change at this time. She stated that interested parties also proposed revised wording on looking at acute credit events for those debt securities. She stated that interested parties did not submit comments on the mortgage loans. Gann stated that NAIC staff recommend adoption of the guidance, as revised from the interested parties, effective Jan. 1, 2024.

Mike Reis (Northwestern Mutual), representing the ACLI, stated support for the proposed changes and noted that the ad hoc group discussion has gone extremely well.

Malm made a motion, seconded by Kasinow, to adopt the revisions as drafted and as modified to reflect interested parties' comments with an effective date of Jan. 1, 2024 (Attachment One-E). The motion passed unanimously.

F. Agenda Item 2023-16

Bruggeman directed the Working Group to agenda item *2023-16: Schedule BA Reporting Categories*. Gann stated the Working Group exposed this agenda item as an SAP clarification to further define, for consistency purposes, the investments captured, in SSAP No. 48, as non-registered private funds, joint ventures, partnerships or limited liability companies (LLCs), or residual interests and reported based on the underlying characteristics of the assets. She stated that these are currently broken out by fixed income, common stock, and real estate. Gann stated that interested parties provided some generic comments regarding the expansion of these categories and that the Working Group is looking for comments on whether more specificity is needed to have consistency across industry. She stated that industry submitted a comment letter in opposition to the collapsing of the private non-registered fund category into the SSAP No. 48 reporting categories, which was a change that was exposed by the

Blanks (E) Working Group as part of the Schedule BA reporting revisions. Gann stated that, technically, those two categories would fall within SSAP No. 48, although NAIC staff are not sure how a company would determine whether something goes in the private non-registered fund category versus the joint venture category. She stated that interested parties identified that there were certain structures, such as warehouse loans, that had been reported in the private non-registered fund category because they had the ability to report those as underlying mortgage loans, which would map appropriately through RBC. She stated that NAIC staff are still not supportive of keeping them separate. However, there is an agenda item in the meeting agenda to break out collateral loans, by underlying collateral type, which would allow those warehouse loans to be reported in a category with the underlying characteristics of mortgage loans, and then RBC can be considered for those to map correctly.

Andrew Morse (Global Atlantic) stated that interested parties have an initial comment on what is being exposed today in favor of the proposed changes that are part of this exposure and the related collateral loan exposure and expressed appreciation for a link to the discussion of RBC. He stated that what industry really cares about is that the newly created categories that may have an RBC impact, from SSAPs, Schedule BA, AVR, and RBC, are effective in the same period so that there is a smooth transition.

Clark made a motion, seconded by Sherman, to expose interested parties' proposed edits, noting that NAIC staff are not supportive of collapsing the private non-registered fund category into the SSAP No. 48 reporting category, with a shortened public comment period ending Jan. 22, 2024, to allow for coordination with the Blanks (E) Working Group's exposure for the Schedule BA categories. The motion passed unanimously.

G. <u>Agenda Item 2023-17</u>

Bruggeman directed the Working Group to agenda item *2023-17: Short-Term Investments*. Gann stated that the Working Group exposed revisions, as a new SAP concept, to further restrict the investments that are permitted for cash equivalent or short-term investment reporting, with an effective date of Jan. 1, 2025. She stated that under the bond definition, asset-backed securities (ABS) were removed from the short-term and cash equivalent reporting, which is also effective Jan. 1, 2025. Gann stated that this would mirror that effective date. She stated that interested parties had no comments on this item.

Gann stated that subsequent blanks reporting changes will be considered to modify the cash equivalent and short-term reporting lines. She noted that this item will contain revisions to further restrict the investments that are permitted to be included in cash equivalent or short-term investment reporting and will exclude all Schedule BA investments, mortgage loans, and collateral loans from *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments* reporting.

Weaver made a motion, seconded by Walker, to adopt the changes to SSAP No. 2R with an effective date of Jan. 1, 2025 (Attachment One-F). The Working Group directed NAIC staff to proceed with a corresponding annual statement blanks proposal so that the reporting lines for cash equivalents in short-term investments can be updated accordingly. The motion passed unanimously.

H. <u>Agenda Item 2023-22</u>

Bruggeman directed the Working Group to agenda item *2023-22: Actuarial Guideline 51 and Appendix A-010 Interaction*. Marcotte stated that on Aug. 13, the Working Group exposed revisions to *SSAP No. 54R—Individual and Group Accident and Health Contracts* to address an issue that was identified by the Financial Reporting and Solvency Committee of the Health Practice Council of the American Academy of Actuaries (Academy), which had observed some diversity in practice across issuers of long-term care insurance (LTCI). The agenda item, to clarify that gross premium evaluation under Appendix A-010 on health, individual, and group health reserving, and cash-flow testing under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51), are both required if indicated. She stated that, in addition, the Working Group directed a formal notice of the exposure to the Long-Term Care Actuarial (B) Working Group, and the Valuation Analysis (E) Working Group. Marcotte stated that the exposed revisions were to SSAP No. 54R and included changes in an illustration. She stated that interested parties had no comments and that NAIC support staff for the working groups that received notice of the exposure have noted that those working groups do not intend to provide formal comments. She recommended adopting this agenda item as exposed.

Hudson made a motion, seconded by Walker, to adopt exposed revisions to SSAP No. 54R to clarify that gross premium valuation (under Appendix A-010) and cash-flow testing (under AG 51) are both required, if indicated (Attachment One-G). The motion passed unanimously.

I. Agenda Item 2023-23

Bruggeman directed the Working Group to agenda item *2023-12: Residuals in Preferred Stock and Common Stock.* Gann stated that this agenda item addresses residuals in preferred stock and common stock structures. She stated that this agenda item was initially exposed via a Working Group e-vote on Oct. 31 and incorporates minor clarifications to *SSAP No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock*, stating that structures that are in substance residuals shall be reported as residuals on Schedule BA. Gann stated that guidance was previously adopted to SSAP No. 43R and SSAP No. 48 but noted that she had received an example of a security structure that was previously reported as a principal protected note but had been redesigned to refer to a debt instrument and then a preferred share. She stated that in this example, the preferred stock share was a residual in substance, so NAIC staff want to make sure those sorts of structures are properly classified so that when the residual line is reviewed, users have a full picture of all the residuals that were reported.

Gann stated that interested parties provided comments recommending an edit to SSAP No. 30R to make these changes be in a separate paragraph, but this change was not needed for SSAP No. 32R. Gann stated that a question was asked of whether this change could be effective Jan. 1, 2024, and not for year-end 2023. She stated that NAIC staff do not support that change as it would be a full year before everything would be collectively reported on the residual line. Gann stated that NAIC staff believe this is consistent with the principal concepts for residuals already adopted. She stated that the Schedule BA annual statement instructions already reference other structures that do not fit in SSAP No. 43R or SSAP No. 48 should be reported on that residual line and that this change makes it clear that anything that is an in-substance residual should be reported on the Schedule BA reporting line. NAIC staff believe this should be effective immediately for year-end 2023 and are recommending adoption with the placement change as recommended by interested parties.

Bruggeman stated that this would direct a blanks memorandum to make sure that this goes through to the instructions.

Tip Tipton (Thrivent), representing interested parties, expressed appreciation for Working Group's consideration of Thrivent's comments and making the editorial revisions. He stated that interested parties want to highlight their recognition that residual tranches have been a focal point of regulators over the past year, with changes occurring last year with fixed income instruments on Schedule D being moved to Schedule BA, and to SSAP No. 48 investments just a couple months ago. He stated that industry will do what it can, given this time frame, in making sure that those investments are properly classified as residual tranches and now with clarification on this agenda item being adopted very close to year-end. He stated that interested parties are trying to accommodate all the changes that have been adopted, and they appreciate the Working Group's support and any questions that may arise in the near term.

Stolte made a motion, seconded by Clark, to adopt the minor clarifications to SSAP No. 30R and SSAP No. 32R to clarify that investments that are in substance residual interests shall be reported on Schedule BA on the dedicated reporting line for residuals (Attachment One-H), including a memorandum to the Blanks (E) Working Group. The motion passed unanimously.

J. INT 23-04T

Bruggeman directed the Working Group to *INT 23-04T: Life Reinsurance Liquidation Questions*. Marcotte stated that INT 23-04T provides accounting and reporting guidance for ceding entities with a life reinsurance counterparty in liquidation. She stated that this agenda item was created in response to a recent life reinsurer that is in liquidation but noted that these situations are uncommon. Marcotte stated that industry questions were received because contracts from this reinsurer were cancelled effective Sept. 30, 2023.

Marcotte stated that INT 23-04T addresses five issues. She stated that the cancelled contracts would follow the existing guidance on commutation for life insurance contracts. She stated that the existing guidance on impairment of the reinsurance recoverable applies and that reinsurance recoverable amounts should be impaired down to what is expected to be received. She stated that more discussion was needed to address the reporting and admissibility of reinsurance recoverables.

Marcotte stated that the exposure recommended nonadmitting the recoverables after evaluation of impairment because of the uncertainty of recovery. She stated that there was a narrative disclosure and pointers to existing disclosures about commutations and uncollectable reinsurance.

Marcotte stated that comments were received from the ACLI, Lincoln Financial Group, and Nationwide. She stated that the ACLI wrote the primary comments and that Nationwide and Lincoln Financial Group indicated support for the ACLI letter, while also providing extra comments supporting admissibility.

Marcotte asked the Working Group to provide input on reporting, admissibility, and disclosure. She stated that since the Working Group tries to avoid developing company specific guidance, INT 23-04T was originally written generically to apply to reinsurance amounts from U.S. life reinsurer in liquidation. She stated that some regulators expressed concern the recent liquidation was for a few related companies known as Scottish Re, which had been in run-off for several years. Those regulators indicated that they were more comfortable providing guidance that was specific to this liquidation, which they were familiar with, rather than creating a broad rule.

Marcotte stated that the interested parties provided a recommendation to delete paragraph 1f, which noted that some insurers have collateral amounts held in trust. However, NAIC staff recommended keeping part of paragraph 1f.

Bruggeman asked for Working Group input on narrowing down the topic of the INT, from life reinsurance and liquidation in general, to just Scottish Re. Hudson stated support for narrowing the INT to the unique features of Scottish Re. Weaver stated that she had supported the more conservative approach of nonadmitting everything and would support narrowing the focus of the INT to Scottish Re. She stated that she would be comfortable moving forward by admitting some of the amounts if the INT was limited to Scottish Re.

Marcotte stated that the exposed document maintains reporting reinsurance payables separate from the reinsurance recoverable assets. However, the ACLI recommended reporting one net number on line 25 of the asset page, aggregate write-in for other than invested assets. She stated that Working Group input is requested regarding reporting of other amounts receivable from the reinsurer's liquidation estate. She asked if the Working Group was interested in reporting the amounts related to the reinsurance contract cancellation on line 25 aggregate write-ins for other than invested assets. She stated that is not consistent with normal reporting of reinsurance recoverables, but for the amounts post-contract cancellation, it might make sense. She stated that for claims paid and unpaid incurred prior to the reinsurance contract cancellation, NAIC staff suggested, continuing to report the amounts in the reinsurance asset lines 16.1 – Amounts Recoverable from Reinsurers and line 16.3 – Other Amounts Receivable Under Reinsurance Contracts. If the Working Group wants to use the aggregate write-ins for other than invested assets, it would only be recommended for the expected commutation settlement, essentially for what would have been the bulk reserve credit and other amounts excluding the claims incurred prior to the contract cancellation.

Bruggeman stated that asset lines 16.1 and 16.3 currently follow what is reported now on *Schedule S, Part 2—Reinsurance Recoverable on Paid and Unpaid Losses* for recoverables on paid claims. He stated that paid claims are a known number for claims that happened before Sept. 30, 2023, and unpaid is the estimate for incurred but not reported (IBNR) on those claims. He stated that any claims that occurred after Sept. 30, 2023, are not covered by the reinsurance contract and are going to be direct, so there is nothing to run through any kind of reinsurance recoverable. Bruggeman stated that the other line item is a credit against the liability, so that in accounting speak, the debit is within Schedule S, Part 3, in column 9. He stated that an initial query of this line showed $812 million of total industry-wide reserve credits as of year-end 2022. Bruggeman stated that the current proposal for Scottish Re is to move that from the reduction of liability page to a write-in line, with Scottish Re in the name to allow easier querying of the data. Hudson and Weaver stated support for this proposal to have the Scottish Re recoverables reporting divided between lines 16.1 and 16.3 for claims incurred prior to Sept. 30, 2023, and in line 25 for other unsettled recoverables from Scottish Re.

Marcotte stated that the fourth issue is admissibility of recoverables from the reinsurer's estate. She stated that the exposed INT proposed to nonadmit after impairment. She stated that NAIC staff recommend admitting recoverables that are backed by sufficient collateral held in a trust in compliance with the *Credit for Reinsurance Model Law* (#785), provided that these amounts are not in dispute. She stated that this language is more restrictive than what was suggested by the ACLI, which also recommended allowing amounts not secured by collateral to be admitted. She stated that some Working Group members indicated support for admitting amounts in line 16.1 for paid claims incurred prior to the reinsurance contract cancellation, after impairment review, even if there was not collateral, provided that the interpretation was made to be Scottish Re-specific. She stated that this is because Scottish Re has been in runoff for several years, and the amounts have been monitored.

Bruggeman stated that industry has talked with the liquidator for Scottish Re, so there are percentages of numbers available. He stated that he is comfortable with the incurred paid claims before the contract cancellation portion as that is a known number and has already been reported. He said he is unsure of how much to admit of the uncollateralized amounts, which are not backed by a trust. He stated that the credit was a credit against liabilities, is proposed to be on line 25 because that is a policyholder credit that eventually has value in that the ceding entity has been paying for that all along, and the liquidators are going to give the ceding entities some of that amount. He stated that the proof of claim will not be available to be submitted until the end of January 2024 or early February 2024, so there will be discussion between now and then. He stated that there is concern, even specifically with Scottish Re, that there is an unknown number, and that is why regulators have been saying to nonadmit until more is known and requested feedback from Working Group members on possible solutions.

Weaver stated that she is comfortable with admitting funds and trusts where there is no dispute and is comfortable with paid claims incurred prior to contract cancellation. She prefers to nonadmit the rest.

Charles Evers (Protective Life), representing the ACLI, stated that the ACLI had comments on four of the five issues covered by the draft. He stated that while they may not be in complete agreement on balance sheet geography, they believe companies have the information to comply with what has been recommended. He stated that he wanted to focus his comments on the admissibility of the recoverables from Scottish Re. He stated that the ACLI agrees that any recoverables that are supported by trust should be admitted up to the amount of available assets and likewise the amounts that are contemplated being reported on line 16.1, paid claims incurred before the contracts were canceled. He stated ACLI agreement with choice 2 in the materials for paragraph 18 that those should be admitted assets subject to an impairment review. He stated that the ACLI still has significant concern where the current draft INT nonadmits everything else, which, for a lot of companies, is a large component of the overall receivable from Scottish Re. He stated that this recoverable is acknowledged specifically by the Scottish Re liquidation order.

Evers stated that a good example of what is included in that are amounts related to coinsurance, for level term, for example, where companies have been making premium payments to Scottish Re for years and have been collecting those premiums. Thus, it was contemplated that would be used to pay for future claims, and it is also contemplated by the liquidation order that there would be recoverable from the ceding companies. He stated that since those contracts have been terminated, the direct writers are now going to be responsible for paying these claims, despite having paid those premiums to Scottish Re. He stated that Protective Life, along with many others, has been monitoring this for years and has calculated an amount that it believes to be due from Scottish Re based on information that was received from the trustee. It also has been performing an impairment assessment. He stated that on Sept. 30, 2023, when the liquidation order became effective, Protective Life did these calculations and estimations and reviewed all this information with its domestic regulators. He stated that all of this includes consideration of specific contractual arrangements that Protective Life and other companies have with Scottish Re, and all of this information is available as part of the liquidation process. He stated that Protective Life knows it is going to receive a significant amount of what is due to it and will not receive 100 cents on the dollar, but just to have a blanket nonadmission seems overly punitive.

Evers stated that Protective Life understands from some conversation that there might possibly be some appetite for having the INT require explicit domestic regulator approval for these other amounts admitted and includes some more specifics in the INT. He stated that Protective Life would be open to that and working with NAIC staff to try to make that happen. He stated that Protective Life drafted some revised paragraph 19 language and shared it with Gann, which provides more specifics on how this other receivable is currently contemplated to be in line 25 and, under what circumstances, that could be admitted as well. Marcotte asked if the proposed domestic regulator approval of admissibility would be considered a permitted practice. In response, Collin Newberry (Protective Life) stated that they would also propose that such domestic regulator approval would not be considered a permitted practice but would be subject to other disclosures similar to the *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* or *SSAP No. 26R—Bonds* disclosure. Bruggeman stated that the Working Group could consider the proposed paragraph 19 language as interested parties' comments to the pending exposure of the INT. Bruggeman also noted *SSAP No. 72—Surplus and Quasi-Reorganizations* has some domestic regulator approvals that are not considered a permitted practice. Bruggeman noted a concern with the onerous burden on state insurance departments to have to approve the admissibility of more than 100 insurers' recoverables and the need to have to monitor the amounts.

Hudson stated that the proposed paragraph 19 language has not been reviewed by the Working Group and should be included in any proposed comments drafted during subsequent discussions between NAIC staff and interested parties.

Justin Blake (Nationwide) noted support for the ACLI letter and support for admitting reinsurance recoverables collateralized by a trust.

Clark stated support for Hudson's suggestion and added that another question to consider is the legal issue of whether the Working Group can look at it under Model #785. For all the states that have adopted Model #785, he said one either has to be an authorized reinsurer or their reserve credit has to be fully collateralized. So, if there is a reinsurer in liquidation, which is likely not an authorized reinsurer, he asked if the settlement of the reserve credit is compliant with Model #785. Marcotte stated that she had this discussion with some regulators and discussed that after Sept. 30, 2023, there is no reinsurance, and it is just an unsettled contract receivable. Bruggeman stated that this was part of the initial discussion and is unresolved as to what reinsurance schedule this should be reported under.

Hudson made a motion, seconded by Weaver, to expose *INT 23-04T: Scottish Re Life Reinsurance Liquidation Questions,* including choice 2 for paragraph 18, which expands the admissibility for collateralized amounts in an A-785 compliant trust and for paid claims incurred prior to the contract cancellation, as discussed during the meeting and the other edits proposed by NAIC staff and discussed during the meeting to provide accounting and reporting guidance for ceding entities with a life reinsurance counterparty in liquidation for a public comment period ending Dec. 29 to allow for a January 2024 discussion. The motion passed unanimously.

3. Considered Maintenance Agenda – Pending Listing

Hudson made a motion, seconded by Clark, to expose the following agenda items with a public comment period ending Feb. 9, 2024, excluding agenda item 2023-28, which will have a public comment period ending Jan. 22, 2024. The motion passed unanimously. After the meeting, the comment period for item 2023-24 was shortened to Dec. 29 to allow for January 2024 discussion.

A. Agenda Item 2023-24

Bruggeman directed the Working Group to agenda item *2023-24: Measurement of Credit Losses on Financial Instruments, and Other Related ASUs*. Oden stated that this agenda item was developed in response to *ASU 2016-13, Measurement of Credit Losses on Financial Instruments*, otherwise known as current expected credit loss (CECL), and also addresses other related and subsequently issued ASUs that further amend or implement CECL. ASU 2016-13 was issued by the Financial Accounting Standards Board (FASB) in June 2016 to revise U.S. GAAP impairment and credit loss accounting guidance from an incurred loss methodology to an expected loss methodology. Oden stated that these revisions also replace the impairment guidance for available-for-sale debt securities with a modified other than temporary impairment (OTTI) model. NAIC staff performed an analysis of ASU 2016-13 and the other applicable ASUs to assess the potential impact on statutory accounting. The analysis identified that statutory accounting already has concepts that incorporate a prospective view of future credit risk. He noted that asset valuation reserves (AVR) require life insurance companies to establish a reserve to account for a future impairment loss on all assets. Alternatively, SSAP No. 26R requires companies that do not maintain

AVR to hold bonds at fair value if they do not have an NAIC designation of 1 or 2. He stated that investments are also subject to RBC, which factors in credit risks and an expectation of future credit losses. Oden stated that since RBC methodology already incorporates credit risk, any CECL allowance would need to be reversed in the RBC formula to avoid double-counting expected losses. He stated that this would largely eliminate any benefit of CECL to regulator solvency monitoring efforts. Oden stated that based on the analysis, NAIC staff recommend that the Working Group move this item to the active listing categorize as an SAP clarification and expose revisions to reject ASU 2016-13 and five other related ASUs. He noted that these ASUs will be rejected within 15 applicable SSAPs, as detailed in the Form A and *INT 06-07: Definition of Phrase "Other Than Temporary."* He noted that a previous agenda item #2016-20 was started on CECL and last exposed for comment on Aug. 4, 2018. He recommend it be formally disposed of and replaced by this new agenda item.

Bruggeman stated that he directed NAIC staff to research how best to maintain pre-CECL GAAP impairment guidance for posterity, potentially as an issue paper.

B. <u>Agenda Item 2023-25</u>

Bruggeman directed the Working Group to agenda item *2023-25: ASU 2023-03, Amendments to SEC Paragraphs*. Oden stated that this agenda item addresses *ASU 2023-03: Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718)*, which amends U.S. Securities and Exchange Commission (SEC) paragraphs for the issuance of SEC staff bulletins, accounting series releases, and meeting announcements. He stated that these changes primarily provide updates on various aspects of SEC guidance, focused on stock compensation and equity-based payments. Oden stated that only SEC paragraphs were revised by the ASU, and NAIC staff recommend that the Working Group expose ASU 2023-03 for rejection in *Appendix D—Nonapplicable GAAP Pronouncements*.

C. <u>Agenda Item 2023-26</u>

Bruggeman directed the Working Group to agenda item *2023-26: ASU 2023-06, Codification Amendments* in response to the SEC's disclosure update. Oden stated that NAIC staff will defer action on this agenda item.

D. <u>Agenda Item 2023-27</u>

Bruggeman directed the Working Group to agenda item *2023-27: ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency*. Oden stated that ASU 2023-04 updates SEC paragraphs for an SEC bulletin that provides guidance on accounting for obligations to safeguard crypto assets that an entity holds for its platform users. He stated that, as part of the review, NAIC staff considered whether this would have any effect on *INT 2021-01: Accounting for Cryptocurrencies*. He stated that NAIC staff noted only SEC paragraphs were revised by the ASU and do not believe any update to INT 2021-01 is necessary. Oden stated that NAIC staff recommend that the Working Group expose ASU 2023-04 for rejection in *Appendix D—Nonapplicable GAAP Pronouncements*.

E. <u>Agenda Item 2023-28</u>

Bruggeman directed the Working Group to agenda item *2023-28: Collateral Loan Reporting*. Gann stated that this agenda item proposes an expansion of the current reporting line. Currently, collateral loans are divided by affiliated or unaffiliated. She stated that this agenda item proposes an expansion of reporting lines to identify the various investment categories that the underlying collateral could be. Gann stated that there are also proposed new disclosures to aggregate and identify what is admitted and not admitted within each of those investment categories. She stated that the Working Group requests feedback on whether there are certain reporting lines that could be collapsed or combined. She stated that NAIC staff are proposing a shortened public comment period ending Jan. 22, 2024, since this goes together with the other Schedule BA reporting revisions. She stated that NAIC staff recommend that the Working Group send notice to the Blanks (E) Working Group, as well as the Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, Property and Casualty Risk-Based Capital (E) Working Group, Capital Adequacy (E) Task Force, and Risk-Based Capital Investment Risk and Evaluation (E) Working Group so that they are aware of these proposed expansions to Schedule BA.

F. <u>Agenda Item 2023-29</u>

Bruggeman directed the Working Group to agenda item *2023-29: IMR/AVR Preferred Stock*. Gann stated that this agenda item proposes revisions to the current annual statement instructions for perpetual preferred stock. She stated that in 2021, the Working Group revised the measurement method for perpetual preferred stock to clarify that it should always be at fair value, unless there is a call price that caps it. She stated that the resulting changes to IMR/AVR guidance were not reflective of that time, so it still has guidance for IMR as held at cost. She stated that since that does not exist anymore, there is a disconnect between the SAP measurement method and the AVR guidance and that this agenda item corrects that disconnect. Gann stated that there are other elements with regard to redeemable preferred stock that she recommends being reviewed and modified as needed in the IMR/AVR annual statement instructions as part of the long-term project. She stated that NAIC staff recommend that the Working Group move this item to the active listing, categorized as an SAP clarification, and expose proposed revisions to the annual statement instructions to remove the guidance that directs all preferred stock to be allocated between IMR/AVR based on NAIC designation.

G. <u>Agenda Item 2023-30</u>

Bruggeman directed the Working Group to agenda item *2023-30: Admissibility Requirements of Investments in Downstream Holding Companies.* Marcotte stated that this agenda item provides consistency revisions in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraph 24. The revisions are on audits to better align with guidance in paragraphs 26 and 27 on the look-through methodology. She stated that paragraph 24 summarized what was in the other paragraphs, and this agenda item will update paragraph 24 so that it references the other paragraphs, rather than summarizing them. She stated that this is more of a consistency revision, and NAIC staff recommend that the Working Group move this item to the active listing, categorized as an SAP clarification, and expose revisions to SSAP No. 97 to revise paragraph 24 language to better align it with the existing guidance provided in paragraphs 26 and 27.

H. <u>Agenda Item 2023-31</u>

Bruggeman directed the Working Group to agenda item *2023-31: Model 630 Mortgage Guaranty Insurance.* Marcotte stated that this agenda item is to put a project on the agenda and expose the intent to review recent changes to the *Mortgage Guaranty Insurance Model Act* (#630). She stated that this had been a multiyear project to update Model #630 on reserving. She stated that there are approximately 10 mortgage insurers concentrated in three states. She stated that the Working Group requests comments on a proposed effective date.

4. Considered Maintenance Agenda – Active Listing

Bruggeman directed the Working Group to agenda item *2023-03: New C-2 Mortality Risk Note*. Marcotte stated that this agenda item is recommended to be moved to disposed. She stated that this was a mortality risk note that was requested by the Life Risk-Based Capital (E) Working Group because it wanted a link from the annual statement to its updated C-2 mortality charges. She stated that prior comments from industry noted that there was some redundancy and requested that this information not be in a note, so the Working Group deferred action and referred the comments received to the Life Risk-Based Capital (E) Working Group. Marcotte stated that the Life Risk-Based Capital (E) Working Group, along with its interested parties, has submitted a new blanks proposal that moves some of the information to a general interrogatory. She stated that since there are no statutory revisions, NAIC staff are recommending the Working Group move this item to the disposed listing without statutory revisions.

Kasinow made a motion, seconded by Malm, to move agenda item 2023-03 to the disposed listing without statutory revisions. The motion passed unanimously.

5. Discussed Other Matters

A. Review of U.S. GAAP Exposures

Marcotte identified one GAAP exposure with a comment deadline of Oct. 30, 2023, that is recommended for review by the Working Group in the normal maintenance process (Attachment One-I).

B. Life Actuarial (A) Task Force Coordination Memorandum

Marcotte stated that included in the meeting materials is a coordination memorandum from the Life Actuarial (A) Task Force that details changes to the *Valuation Manual* since August 2022 (Attachment One-J). She stated that these amendments were adopted by the Life Insurance and Annuity (A) Committee on Aug. 15, 2023, and by the Executive (EX) Committee in August 2023. Marcotte stated that there were no items that would require Working Group action.

C. IAIS AAWG Update

Gann provided an update on the Audit and Accounting Working Group (AAWG) of the International Association of Insurance Supervisors (IAIS). She stated that NAIC staff are actively monitoring several work streams that are occurring with regard to climate risk and financial disclosures, including application papers to various Insurance Core Principles (ICPs). She stated that NAIC staff are also monitoring the IAIS Climate Risk Subgroup. Gann stated that she was charged with drafting a segment of a paper related to disclosure constraints on behalf of the U.S. She stated that the final paper will have a consensus of all the jurisdictions. Gann stated she is requesting comments with regard to what should be included in that paper, including data availability, data quality, and litigation concern. She stated that she will be providing a draft to the IAIS on Dec. 8, 2023, and is asking for comments by Dec. 5, 2023.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

Draft: 11/6/23

Statutory Accounting Principles (E) Working Group
E-Vote
October 31, 2023

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force conducted an e-vote that concluded Oct. 31, 2023. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Kim Hudson (CA); Bill Arfanis (CT); Rylynn Brown (DE); Stewart Guerin (LA); Judy Weaver (MI); Doug Bartlett (NH); Bob Kasinow (NY); Diana Sherman (PA); David Smith (VA); and Amy Malm (WI).

1. Exposed Agenda Item 23-04

The Working Group considered an e-vote exposure of agenda item 2023-23: Residuals in Preferred Stock and Common Stock Structures. This agenda item provides limited revisions to *Statement of Statutory Accounting Principles (SSAP) No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock* to identify that investments that are in substance residual interests shall be reported on Schedule BA on the dedicated reporting line for residuals.

Walker made a motion, seconded by Clark, to expose agenda item 2023-23 for a public comment period ending Nov. 17. The motion passed with 12 Working Group members responding with affirmative votes.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneA-10-31-23 evote 2023-23 TPR.docx

Draft: 10/26/23

Statutory Accounting Principles (E) Working Group
E-Vote
October 24, 2023

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force conducted an e-vote that concluded Oct. 24, 2023. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Kim Hudson (CA); William Arfanis (CT); Cindy Andersen (IL); Stewart Guerin (LA); Judy Weaver (MI); Doug Bartlett (NH); Bob Kasinow (NY); Diana Sherman (PA); David Smith (VA); and Amy Malm (WI).

1. Exposed INT 23-04T

The Working Group considered an e-vote exposure of a tentative *Interpretation (INT) 23-04T: Life Reinsurance Liquidation Questions.* INT 23-04T provides accounting and reporting guidance for ceding entities regarding reinsurance receivable and payable amounts related to a life reinsurance counterparty in liquidation.

Malm made a motion, seconded by Guerin, to expose the revised INT 23-04T for a public comment period ending Nov. 15. The motion passed with 11 Working Group members responding with affirmative votes.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneB-10-24-23 evote INT 23-04.docx

Draft: 11/2/23

Statutory Accounting Principles (E) Working Group
Virtual Meeting
October 23, 2023

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force met Oct. 23, 2023. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Blase Abreo (AL); Kim Hudson (CA); William Arfanis (CT); Tom Hudson (DE); Cindy Andersen (IL); Melissa Gibson and Stewart Guerin (LA); Judy Weaver (MI); Doug Bartlett (NH); Bob Kasinow (NY); Diana Sherman (PA); Amy Garcia and Jamie Walker (TX); Doug Stolte and David Smith (VA); and Amy Malm (WI). Also participating was Tish Becker (KS).

1. Adopted Non-Contested Positions

The Working Group met to review comments (Attachment One-C1) on the following exposed items.

Walker made a motion, seconded by Sherman, to adopt revisions detailed below as non-contested statutory accounting revisions. The motion passed unanimously.

a. Agenda Item 2023-18

Bruggeman directed the Working Group to agenda item 2023-18: *Accounting Standards Update (ASU) 2016-19, Technical Corrections and Improvements.* Wil Oden (NAIC) stated that in Dec. 2016, the Financial Accounting Standards Board (FASB) issued *ASU 2016-19, Technical Corrections and Improvements*, as part of a standing project on its agenda to address suggestions received from stakeholders on FASB codifications and to make other incremental improvements to U.S. generally accepted accounting principles (GAAP). Oden stated that interested parties had no comments on the exposed revisions. Oden recommended adoption of the exposed revisions, which adopt ASU 2016-19 with modification in *Statement of Statutory Accounting Principles (SSAP) No. 5R—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 92—Postretirement Benefits Other Than Pensions*, *SSAP No. 102—Pensions,* and *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (Attachment One-C2).

b. Agenda Item 2023-19

Bruggeman directed the Working Group to agenda item 2023-19: *ASU 2018-09, Codification Improvements.* Oden stated that in July 2018, FASB issued *ASU 2018-09, Codification Improvements* as part of a standing project on its agenda to address suggestions received from stakeholders on FASB codifications and to make other incremental improvements to U.S. GAAP. Oden stated that interested parties agreed with the exposed revisions. Oden recommended the adoption of the exposed revisions to reject *ASU 2018-09* in Appendix *D—Nonapplicable GAAP Pronouncements* (Attachment One-C3).

c. Agenda Item 2023-20

Bruggeman directed the Working Group to agenda item 2023-20: *ASU 2020-10, Codification Improvements*. Oden stated that in Oct. 2020, the FASB issued *ASU 2020-10 Codification Improvements*, which improves the consistency of the codification by ensuring that all guidance that requires or provides an option for an entity to provide information in the notes to financial statements is codified in the disclosure section of the codification. Oden stated that interested parties agreed with the exposed revisions. Oden recommended the adoption of the exposed revisions to reject *ASU 2020-10* in *Appendix D—Nonapplicable GAAP Pronouncements* (Attachment One-C4).

d. Agenda Item 2023-21

Bruggeman directed the Working Group to agenda item 2023-21: Removal of Transition Guidance from SSAP No. 92 and SSAP No. 102. Jake Stultz (NAIC) stated that on Dec. 18, 2012, the Statutory Accounting Principles (E) Working Group adopted SSAP No. 92 and SSAP No. 102, which superseded *SSAP No. 14—Postretirement Benefits Other Than Pensions* and *SSAP No. 89—Pensions*. The adopted SSAP No. 92 and SSAP No. 102 included transition guidance that expired after 10 years. This agenda item exposed revisions to remove the unneeded transition guidance from SSAP No. 92 and SSAP No. 102. Stultz stated that interested parties had no comments and that NAIC staff recommended the adoption of the exposed revisions in SSAP No. 92 and SSAP No. 102 (Attachment One-C5).

2. Reviewed Comments on Exposed Items

a. Collateral for Loans

Bruggeman directed the Working Group to agenda item 2022-11: Collateral for Loans. Robin Marcotte (NAIC) stated that during the 2023 Summer National Meeting, the Working Group re-exposed the March 2023 revisions to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 21R—Other Admitted Assets* to allow interested parties more time to submit additional comments. She stated that this agenda item was drafted in July 2022 to address inconsistencies raised by state insurance regulators regarding the guidance for collateral loans between SSAP No. 20 and SSAP No. 21R.

Marcotte stated that commenters at the Summer National Meeting advocated for the use of fair value to measure the adequacy of pledged collateral from equity entities in the scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* or *SSAP No. 97—Investments to Subsidiary, Controlled and Affiliated Entities.* She stated that fair value is consistent with what is used for the measurement of the adequacy of most collateral.

Marcotte stated that at the 2023 Spring National Meeting, the Working Group exposed a carve-out allowing the use of audited book value instead of using fair value when comparing the adequacy of the collateral pledged, which represents equity ownership in SSAP No. 48 or SSAP No. 97 entities. She stated that the March 2023 exposed carve-out guidance was in response to interested parties' comments that noted concerns with having to obtain both an audit and verification of fair value for collateral from equity method investments.

Marcotte stated that the interested parties' current position agrees that audits are required for this type of collateral to be a qualified invested asset. The most recent interested parties' comments recommend that fair value be used to measure the adequacy of the collateral and recommend additional language stating that reporting entities need to maintain sufficient documentation to support the reasonableness of the fair value measurement of the underlying collateral. She stated that the interested parties have provided proposed revisions to SSAP No. 21R, paragraph 4b noting that documentation of fair value needs to be available to the domiciliary state insurance regulator or the independent audit firm upon request.

Marcotte stated that NAIC staff recommend the Working Group re-expose the exposed revisions with the paragraph 4b updates proposed by interested parties and add additional transition guidance to SSAP No. 21R regarding the timing of obtaining audits. She noted the transition guidance is recommended because prior interested parties' discussions have indicated that not all entities are currently obtaining audits of pledged collateral from SSAP No. 48 or SSAP No. 97 entities.

Andrew Morse (Global Atlantic), on behalf of interested parties, stated that interested parties are in support of the proposed changes.

Becker stated that the Kansas Insurance Department supports the Sept. 12, 2023, interested parties' comment letter and supports the proposed effective date of the transition related to the audit timing.

Hudson made a motion, seconded by Clark, to adopt 1) the minor consistency revisions previously exposed in SSAP No. 20 and 2) the previously exposed and additional proposed revisions to SSAP No. 21R as discussed (Attachment One-C6). The motion passed unanimously.

3. Discussed Other Matters

   a. INT 23-04T: Life Reinsurance Liquidation Questions

Marcotte stated that a recent liquidation order of a U.S. life reinsurer has raised questions from state insurance regulators and life industry ceding insurers, about the reporting of the unsettled reinsurance recoverable amounts. She stated that NAIC staff drafted *Interpretation (INT) 23-04: Life Reinsurance Liquidation Questions* for Working Group consideration and possible exposure. She provided a summary of the INT as well as details about to the specific situational questions that prompted the INT. She noted that most of the INT is based on existing guidance in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* including the recapture and commutation guidance. She stated that NAIC staff request Working Group direction on Issue 4 in the INT, specifically paragraph 18, which asks for guidance regarding the admissibility of life reinsurance receivables from a life reinsurer in liquidation.

Bruggeman stated that there is guidance regarding impairment value in Issue 3, but after the amount is evaluated for impairment, there is still the question of the admissible value on Issue 4, which is detailed in the interpretation. He stated there is currently no specific guidance on this topic. He stated that because reporting entities have been impairing the amounts expected to be recovered, interested parties requested that the admitted value remain the same. He said in paragraph 18, because of the liquidation and commutation, the Working Group would have to look at what the admissibility status of the reinsurer was in that state and whether they were authorized and or accredited in the state prior to the liquidation order.

Malm inquired whether the priority in a liquidation makes a difference when funds are being distributed. Marcotte stated that most ceding entities would have a similar priority status in a liquidation. Bruggeman questioned if the ceding company is equivalent to a policyholder in direct policies. He stated that the liquidator will have to determine what priority class each ceding company is part of.

Marcotte stated that with this specific situation, many ceding insurers had already set up a valuation allowance in anticipation of not receiving 100% of what was due. She stated that the INT would most likely be effective for the fourth quarter of 2023. Marcotte also stated that reporting the receivables on the reinsurance schedule (after removing the reinsurance reserve credit) would allow for better tracking of industry exposure. She also noted that ultimately this is still a reinsurance balance, which is why the INT recommended specific reinsurance recoverable lines.

Bruggeman asked for comments concerning paragraph 18 of INT 23-04. Weaver asked whether it was a conservative approach to allow a company to increase surplus on a ceding entity when there is no idea what the court is going to rule regarding future distributions from the liquidation estate. She stated that she has concerns with increasing statutory surplus when there is no idea what is going to be recovered. Weaver stated that it may be more conservative to say it is not an admitted asset, and if the ceding entity receives it, then the increase in surplus would be appropriate because the uncertainty of the recoverable has been removed.

Bruggeman stated that the admittance is after impairment and that the INT includes draft language that would follow the admissibility guidelines on authorized and accredited reinsurance contracts. He stated that the Working Group may have to make an adjustment to use the liquidation date value.

Hudson and Sherman agreed with Weaver that they were more comfortable with a conservative approach of non-admitting the receivables from the reinsurer in liquidation.

Clark stated that a request from interested parties during the exposure period would be to provide what kind of information is available to determine impairment. He stated that Iowa has been requiring ceding companies that have the reinsurer in liquidation to file their impairment analysis. He stated that getting an update on what information is currently available for what might be recovered would be helpful to get a sense of whether a reasonable estimate of the amount that could be recovered is feasible. Clark also stated that the conservative approach would be to non-admit the receivables.

Weaver stated that she would like to expose language to non-admit receivables but is open to letting interested parties provide comments.

Hudson asked whether the Working Group could hold an e-vote and then expose the changes with a public comment period ending Nov. 15.

Marcotte stated that NAIC staff will adjust the language in the INT, and the Working Group could conduct an e-vote for exposure.

Charles Evers (Protective Life) representing the American Council of Life Insurers (ACLI) stated that the Nov. 15 exposure deadline works for interested parties.

Bruggeman stated that the Working Group will conduct an e-vote on the changes to Issue 4 in the INT and would expose the tentative consensuses of INT 23-04 with a public comment period ending Nov. 15.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneC-SAPWG Minutes 10.23.23.docx

Statutory Accounting Principles (E) Working Group
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September 12, 2023

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RE: Interested Parties Comments on Items Exposed for Comment with Comments due September 12

Dear Mr. Bruggeman:

Interested parties appreciate the opportunity to comment on the following items that were exposed for comment during the NAIC National Meeting in Seattle by the Statutory Accounting Working Group (the Working Group).

Ref # 2022-11: Collateral for Loans

The Working Group re-exposed this agenda item to allow additional time to submit additional comments regarding the measurement of collateral pledged from SSAP No. 48 and SSAP No. 97 entities, as requested by industry.

Interested parties extend our appreciation to the Working Group for the additional 30 days to consider exposure Reference No. 2022-11—*Collateral for Loans* (the "exposure") and for the opportunity to submit a new comment letter. After further consideration of the exposure, in light of the discussion at the August 13, 2023 Working Group meeting, interested parties continue to support the clarification that collateral pledged to secure a collateral loan must qualify as an admitted asset for the collateral loan itself to qualify as an admitted asset. Therefore, we continue to support the specific clarification that when the collateral pledged to secure a collateral loan would be in the scope of SSAP No. 48 or SSAP No. 97 if held directly by the reporting entity, audited financial statements are required for the collateral (and thus the collateral loan) to qualify as an admitted asset.

Interested parties also agree there should not be optionality in the guidance; however, we believe that fair value, not audited equity value, is the most appropriate measure of the sufficiency of collateral. Fair value is the most representative measure of the value of assets that would be available to support policyholder liabilities in the event a reporting entity forecloses on the pledged collateral. Fair value also reflects the basis that a reporting entity would use to recognize the collateral in its financial statements in the event of foreclosure and the basis used to test collateral loans for impairment. As a result, interested parties propose the following revision to the exposure, which would eliminate the exposed change to the valuation basis used for the collateral test for these types of collateral loans (the underlined red text is the Working Group's currently exposed changes).

b. Nonadmitted Asset – In Accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments which would otherwise be admitted shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. ~~For qualifying investments which are pledged as collateral that would be in the scope of SSAP No. 48 or SSAP No. 97 if held directly by the reporting entity, such as joint ventures, partnerships and limited liability companies and investments that would qualify as SCAs if held directly, the proportionate audited equity valuation shall be used for the comparison for the adequacy of pledged collateral. If the collateral loan exceeds the audited equity valuation of these pledged investments, then the excess shall be nonadmitted.~~ To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral, which shall be made available to the applicable domiciliary regulator and independent audit firm upon request.

Interested parties understand that some insurance regulators have expressed concerns about the uncertainty inherent in fair value measurements, particularly Level 2 and Level 3 measurements, due to the use of unobservable inputs and assumptions, and therefore, would like to see an additional level of third-party validation applied to the fair value measurement of the collateral securing these types of collateral loans. However, we note that these fair value measurements are subject to the same valuation standards per SSAP No. 100R – *Fair Value Measurements*, as all other investments carried at fair value, lower of cost or fair value, or for which the fair value is disclosed in the annual statements and audited financial statements, many of which are also Level 2 and Level 3 measurements. Therefore, interested parties believe it would be appropriate to continue to apply a consistent standard of valuation for all types of investments. Furthermore, interested parties note that the guidance in SSAP No. 21R, which requires the fair value of collateral to equal or exceed the carrying value of the collateral loan, represents an accounting assertion that is subject to audit by each reporting entity's independent auditor. As a result, the fair value measurements underpinning the collateral test are already subject to third-party validation by independent audit firms that either employ qualified valuation experts or would seek the expertise of qualified valuation experts when auditing the admissibility of a reporting entity's collateral loans. Interested parties believe this, along with the clarified requirement for reporting entities to obtain audited financial statements for underlying collateral that represents an interest in an entity within the scope of SSAP No. 48 or SSAP No. 97, provides an appropriate level of assurance and third-party validation that should sufficiently address regulators' concerns without the need to impose a greater cost burden on reporting entities in the form of additional third-party validation requirements..

In summary, interested parties support the proposed clarifications to SSAP No. 21R; however, we believe that fair value remains the best and most appropriate measure of the sufficiency of collateral pledged to secure collateral loans, and we believe the independent audit process provides the necessary level of assurance around these fair value measurements. As a result, we respectfully request that the Working Group revise the exposure to allow reporting entities to continue to use fair value consistently for all types of collateral loans and to continue to apply valuation frameworks and methodologies consistent with current practices and the guidance in SSAP No. 100R.

Ref #2023-12: Residuals in SSAP No. 48 Investments

The Working Group exposed several revisions in the updated July 2023 recommendation. The updated recommendation was based on interim discussions and coordination with industry representatives. We offer the following comments:

For clarity and consistency's sake, once the new bond definition in SSAP Nos. 26R and 43R is effective, ABS Issuer can replace the definition of a residual in SSAP No. 43R paragraph 27 and SSAP No. 48 paragraph 19.

As the Form A for Ref #2013-12 would be effective immediately, we suggest that the effective date of December 21, 2023, be noted in the Form A, as that is what we understand the intent to be. This will give companies time to review their investment portfolios.

We also note that the proposed revisions to Annual Statement Instructions guidance is considered to be accounting in nature as it includes a partial definition of what is meant by "residual". As part of Ref #2023-01: Review Annual Statement Instructions for Accounting Guidance, NAIC staff is proceeding with a broad project to review the annual statement instructions and ensure accounting guidance is included in the related SSAPs**.** The focus of this project is to ensure that the annual or quarterly statement instructions are not the source of statutory accounting guidance. Although the annual statements is not the source of this accounting guidance, inclusion of part of the guidance could be misleading. We suggest the following section highlighted in yellow be deleted.

Schedule BA Annual Statement Instructions:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:
Investment in Residual Tranches or Interests~~, as defined within *SSAP No. 43R – Loan-Backed and Structured Securities or SSAP No. 48 – Joint Ventures, Partnerships and Limited Liabilities*~~

~~*Companies*~~ should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities.*

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

~~The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure a security reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests / residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.~~

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be ~~have~~ stated principal or interest but that lack substance, and ~~with terms that~~ result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide ~~the~~ subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after ~~other~~ debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual ~~tranche~~ holders to the debt tranches if the structure becomes stressed.

We also continue to seek clarification on the issues raised in the interested parties comment letter dated July 14, 2023 (copy attached). We understand that the residual definition is related to investment structures that issue debt securities created for the primary purpose of raising debt capital backed by a discrete pool of collateral assets (ABS issuers as defined in paragraph 8 of the current bond exposure in SSAP Nos. 26R) rather than debt issued for liquidity/operating purposes. As a result, interested parties do not believe the intent was to include the following types of investment structures:

- Private Funds (e.g., equity, debt, hedge)- that issued debt for liquidity / operating purposes rather than to raise capital backed by a discrete pool of collateral assets.
- Real Estate Funds (including REITs and JVs) (i.e., considered Issuer Credit Obligations, or "ICOs", in the proposed bond standard)
- Non-US registered Funds (i.e., considered ICOs in the proposed bond standard)
- Other ICOs in the proposed bond definition, such as 40 Act Funds, Business Development Company, Operating Entities, and Holding Companies supported by operating companies.

We request that the Working Group evaluate this issue and provide clarification.

INT 23-02T: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax

The Working Group reached tentative consensuses to the noted issues included in INT 23-02T for comment. The interpretation recommends that for third-quarter 2023, reporting entities should disclosure whatever information is available regarding the corporate alternative minimum tax and their applicable reporting entity status.

Prior submissions to the Working Group by interested parties in connection with the CAMT have advocated a deferral of statutory financial reporting for the CAMT while permanent guidance is being developed. Accordingly, interested parties is supportive of the provisions of this currently exposed version of INT 23-02T. We note, however, a few edits to the exposed INT that would be helpful for clarification in the attached edited version of the exposure. (Copy is attached.)

Ref #2023-04: Corporate Alternative Minimum Tax Guidance

The Working Group exposed *INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax* for comment with a proposed effective date of year-end 2023. After discussion, the Working Group also directed that the exposed INT 23-03T, including guidance which provides for the admissibility of CAMT credits under SSAP No. 101, paragraph 11c. should be consistent with the treatment of other DTAs under this step (see exposure paragraph 34). The exposure provides a simple and reasonable solution that addresses the nuances of the new alternative tax structure and interested parties commends the Working Group on providing the guidance before year-end.

Interested parties submitted a marked draft of INT 23-03 with comments by email on September 5th to NAIC staff. (Copy is attached.)

The comments provided in this letter and the attached redline version of INT 23-03 are intended to clarify language that could cause misinterpretation within the industry and inconsistency in treatment. Again, interested parties support the overall accounting approach laid out in the INT.

A summary of our comments is as follows:

1) Interested parties suggests a few wording changes for consistency purposes, such as referring to "CAMT tax" as "CAMT" and "CAMT credit carryforwards" as CAMT credit DTAs". These suggested wording changes are not substantive and do not change the underlying meaning of INT 23-03.

2) A reporting entity determines if it will be an applicable corporation on a tax-controlled basis; however, TSAs are completed for consolidated tax return groups. Interested parties suggests changing "tax-controlled" to "consolidated tax return group" depending on the context of the paragraph.

3) The INT refers to the CAMT as indefinite tax credit. To avoid confusion with DTAs that do not reverse, interested parties suggests replacing "indefinite" with "non-expiring".

4) Paragraph 1.h. describes credit usage against CAMT. Foreign tax credits have specific carryforward rules depending on type and to avoid detailing the exact carryforward structure interested parties suggests removing the paragraph.

5) Paragraph 11.c. provides as a criterion that for reporting entities to have a TSA exclusion the TSA must have a term that the reporting entity reasonably expects or has knowledge that related parties under the TSA are meeting their obligations. Interested parties does not believe the requirement provided in 11.c. would exist in a legal document and would thus preclude most companies from the TSA exclusion. The requirement could also be interpreted to imply additional liquidity or going concern documentation is necessary. We believe the intent of 11.c, to reinforce joint and severable liability of tax liabilities, is covered in paragraph 12. We suggest deleting this paragraph.

6) Paragraph 12 states that even with the TSA exclusions, the guidance for joint and severable liabilities under SSAP No. 5, paragraph 5 continues to apply; however, SSAP 5 includes a specific exclusion for taxes in footnote 2. To address the Working Group's concern that the TSA exclusion could be widely interpreted so that reporting entities do not recognize taxes

due of co-obligors unable to meet their tax obligation, we propose referencing SSAP No. 101, paragraph 3.

SSAP No. 101, paragraph 3 states:

> "Income taxes incurred" shall include current income taxes, the amount of federal and foreign income taxes paid (recovered) or payable (receivable) for the current year.

The general definition of when a reporting entity recognizes current income taxes is broad enough to cover taxes paid on behalf of another entity (regular tax or CAMT). We propose referencing SSAP No. 101, paragraph 3 which avoids change to SSAP No. 5, but still allows the Working Group to reinforce the reporting still must recognize any CAMT paid or payable on behalf of a co-obligor.

7) Paragraph 13 provides the general accounting considerations for the CAMT. We suggest replacing the term "expected" in this paragraph with "reasonably estimated" to align with accounting standards.

8) Paragraphs 21.a., 28, and 31 reference the allocation of the CAMT credit DTA (or valuation allowance of the CAMT credit DTA). Interested parties proposes specifically stating that the allocations in these instances are to be made consistent with the TSA. Although the reader should assume as such, this language is intended to provide certainty.

9) Paragraph 24 describes the admissibility of deferred tax assets for CAMT credits. The use of CAMT credits depends on the consolidated tax return group, prompting the exception to SSAP No 4. Interested parties agrees with the concept but proposes wording changes to focus on the CAMT credit DTA instead of the current liability.

10) Paragraph 28 references the SSAP No. 101, paragraph 11 realization tables, as well as the ExDTA ACL RBC percentages used in SSAP No. 101, paragraph 11. We suggest adding a footnote or other clarification for non-RBC reporting entities and replacing "RBC" with "ExDTA ACL RBC".

11) Paragraph 28 provides that CAMT credit DTAs not realizable within the timetables for admittance are required to be non-admitted; however, the CAMT credit DTA could be admitted under SSAP No. 101, paragraph 11.c. Although paragraph 34 specifically allows admittance under SSAP No. 101, paragraph 11.c. interested parties proposes clarifying language to paragraph 28.

12) Paragraph 31 states the reporting entity is not required to take CAMT into account in calculating the "with and without" liability. Interested parties is concerned that because the CAMT credit DTA is evaluated for admittance separate from regular reversing DTAs misinterpretation could arise. In other words, explicitly state CAMT is not taken into account in the "with and with-out" calculation and 11.b. admittance is not reduced by projected

CAMT of the consolidated group (if any) during the three-year reversal period. This additional language is intended to prevent any potential misreading.

13) Paragraph 34 allows the CAMT credit DTAs to be admitted against DTLs in accordance with SSAP No. 101, paragraph 11.c. The language specifies the CAMT credit DTA can only be admitted against "applicable DTLs". We suggest removing "applicable" to avoid misinterpretation that certain DTLs are not applicable. Paragraph 34 also implies that CAMT credit DTAs can be admitted under SSAP No. 101, paragraph 11.a. The CAMT credit cannot be carried back and therefore interested parties suggests removal of the paragraph 11.a. reference.

14) Paragraph 35 details the consideration of tax projections in the admittance of the CAMT credit DTA. Interested parties suggests additional clarifying language to certain phrases. When projecting the CAMT liability, "groupings" is referenced from SSAP No. 101; however, it is more appropriate to state "groupings of assets and liabilities". Also, when describing modifications to the estimates, interested parties suggests "modifications to the estimate process" to avoid misinterpretation that any modification requires disclosure.

15) Paragraph 37.b. provides that if a reporting entity has filed its TSA and the domiciliary regulatory has confirmed that they have no objections to using the new TSA amendment or new TSA, while under review then the reporting entity can account for the TSA as applicable for the 2023 reporting period. Requiring confirmation from regulators while the TSA is under review raises many concerns. First, interested parties does not believe regulators will provide positive confirmation while under review, especially in writing. Without written confirmation audit firms will likely object to a reporting entity following an unapproved TSA which will result in variances in practices depending on the audit firm. For example, the reporting entity could be forced to account for CAMT in its 11.b. with and without calculation or payments of CAMT between related parties could be recharacterized as contributions/dividends. Finally, to obtain confirmation from regulators while the TSA is under review, reporting entities could seek permitted practices. Although permitted practices would provide a sound solution for 2023, they undermine why INT 23-03 was necessary in the first place – to avoid reporting entities establishing individualized policies for accounting for the CAMT.

Interested parties agrees that if a reporting entity has filed its TSA while under review the reporting entity should follow the TSA for 2023. We propose updated language allowing reporting entities to follow the TSA for 2023 so long as the domiciliary regulator has not provided formal rejection while during the review period. This approach ensures all reporting entities follow their submitted TSAs without petitioning for a permitted practice for one year.

16) Paragraph 40.b. requires disclosure of the Realization Threshold Limitations Tables; however, these tables are already disclosed under SSAP No. 101. Interested parties suggests removing this disclosure.

17) Paragraph 46 illustrates a situation where an applicable reporting entity meets or exceeds the top line of the relevant SSAP No. 101 Realization Threshold Limitation. Interested parties suggests expanded language to parity the other proposed lanugage in this letter. Specifically, we suggest including a year where the consolidated tax return group expects to pay the CAMT to illustrate 11.b. admittance is not impacted. We also suggest including a statement that if only a portion of the CAMT credit DTA is expected utilized then the reporting entity would only admit an allocation of the CAMT credit DTA, determined consistent with the TSA. These additions are intended to bridge our comments to the examples.

* * * *

Please feel free to contact either one of us with any questions you may have.

Sincerely,

D. Keith Bell   Rose Albrizio

cc: Interested parties
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September 29, 2023

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RE: Interested Parties Comments on Items Exposed for Comment with Comments due September 29

Dear Mr. Bruggeman:

Interested parties appreciate the opportunity to comment on the following items that were exposed for comment during the NAIC National Meeting in Seattle by the Statutory Accounting Working Group (the Working Group).

Ref # 2019-21: Principles-Based Bond Definition

The Working Group exposed revisions to SSAP No. 21R for debt securities that do not qualify as bonds, including the accounting for residual tranches, as well as an Issue Paper to detail historical discussions on the bond project. Interested parties have no comments on the Issue Paper.

Interested parties met with NAIC Staff to discuss SSAP No. 21R issues, other than the accounting for residual tranches, and agreed there are issues that need clarification and/or consistency between SSAP No. 21R, SSAP No. 26R, SSAP 43R, and the recently adopted language on the definition of residual tranches in SSAP No. 48.

As these are nuanced and interrelated changes still subject to the best approach in achieving clarification and/or consistency, it was agreed it was most efficient to work through the changes collaboratively especially given the significant agreement on the end results that are trying to be achieved. As part of this collaboration, interested parties would also like to discuss with NAIC staff and regulators the concept of audit requirements for residual tranches. The remainder of interested parties' comments relate to the proposed accounting for residual tranches.

In response to the residual accounting proposal forwarded by regulators, interested parties understand concerns about accreting investments above this initial cost, but also believe there may be a more reasonable accounting method for these investments versus the proposed cost recovery method.

Residual Tranche Accounting Alternatives (Paragraph 31)

Interested parties noted that the example provided by regulators showed a risky asset accreting high yields for multiple periods even if no cash is received, which is concerning from the point of view of accounting conservatism. While this example may raise alarms to regulators, it may not be representative of residual tranche investments in the industry currently. Many residual tranche investments generate positive cash flows period after period, by design and in practice. Additionally, since the risk of residual tranches is already being addressed through risk-based-capital regulation, we hope that accounting may be formulated to be reasonable on its own, without attempting to address risk through a second channel.

Interested parties initially proposed the effective yield method of accounting, which regulators rejected, noting in some cases it could lead to income generation which was deemed to be aggressive or premature. Regulators then proposed cost recovery method of accounting, which interested parties believe is too punitive in cases where healthy cash generating assets would be written down to zero before recognizing any income.

We hope that a third alternative can be reached which incorporates these two principles:

- Assets cannot be accreted above original (or subsequent) consideration paid; and
- Assets may use a systematic approach to record investment income to the extent cash is received.

In industry discussions it became clear that variety and complexity exists which impacts this topic including:

- Underlying collateral assets span from loans to mortgages to real estate to equity to lease backed assets, each case which may suggest a different expected earnings and cash flow pattern.
- Certain servicers clearly delineate the amount of principal vs. interest cash flows generated by the collateral that are allocated to each tranche of investment. Interested parties are currently reaching out to investment advisors to understand whether some servicers do not provide this same level of granularity.
- Certain investments accounted for currently under the equity method, may prospectively be classified as residuals. Currently under the equity method, distributions are allocated between return of capital and return on capital.

Interested parties have been discussing several alternatives, two of which are described below: servicer reports and capital statements and an effective yield method with a cap. Both alternatives will also use a lower of adjusted cost or fair value concept and appropriate treatment for other than temporary impairments (OTTI). Interested parties would like the opportunity to discuss these alternatives with the Working Group to determine whether one or both of these approaches may be considered a reasonable alternative to the cost recovery method.

Servicer Reports or Capital and Distribution Statements

Servicer reports generally attribute every cash distribution into cash receipts from the interest payment on the collateral versus principal paydowns on the collateral. These cash distributions are allocated to each tranche of investment (including the residual) based upon a priority of payments schedule formalized in the operative documents for the respective securitization. Similarly, capital and distribution statements schedule out the return on capital and the return of capital. Insurers applying the equity method are accustomed to the appropriate timing to record a distribution as a dividend on the income statement under the equity method of accounting.

One alternative is to guide companies to refer to servicer reports or capital and distribution statements to recognize income equal to the portion of the residual interest's cash disbursements generated from interest receipts on the collateral pool. This method is simple, reliable and supportable.

Effective Yield Method with a Cap

Another alternative which could be applied is an effective yield method with a cap on income, such that income could only be recognized to the extent that there is a receipt of cash. As part of this alternative, the carry value of this asset may not be accreted above the cost of consideration paid. A detailed example of how this method would compare to effective yield method and cost recovery method has been drafted, noting that this third alternative would generally – if not always – result in a period-over-period carry value which is lower than the effective yield method and higher than the cost recovery method, meaning it represents a middle road, as expected. For this proposal, initial draft language has been presented for discussion as well.

We would like to offer the following principles for discussion, with the intent of replacing paragraph 31 in its entirety. Should this concept be acceptable to regulators, interested parties could also suggest actual SSAP language to accomplish what is described below.

Each period the book adjusted carrying value and interest income would be determined in the following manner:

1. At the beginning of the period, calculate the book yield as the discount rate that equates the then current best estimate of cash flows projections to the cost basis of the asset.
2. The maximum amount of interest income will be the product of the book yield and beginning of period book adjusted carrying value.
3. If cash distributed to the asset is less than the maximum amount of interest income:
    - Interest income equals total amount of cash distributions.
    - Book adjusted carrying value of the asset is not decreased.

4. If cash distributed to the asset is greater than the maximum amount of interest income:
   - Interest income equals the maximum amount calculated above.
   - Book adjusted carrying value is decreased by the amount of cash distributions in excess of the maximum amount of interest income.

Both a servicer report/capital and distribution statement method and an effective yield method with a cap would ensure that the carrying value is not accreted above cost and would allow for income recognition which is supported by cash receipts.

Comment on OTTI (Paragraphs 30 and 32)

It appears that the most recent draft of residual tranche guidance was adjusted to depart from standard lower of cost or market (LOCOM) accounting to automatically record any decrease of fair value below adjusted cost to be an other-than-temporary impairment, rather than capturing temporary reductions as unrealized losses. Interested parties generally would expect that LOCOM and OTTI processes would remain consistent for this asset class as it would be applied to other asset classes. We believe the following language, currently in SSAP 43R paragraph 26.c., should be moved to this standard:

> "For residual tranches or interests captured in scope of this statement, all reporting entities shall report the item on Schedule BA: Other Long-Term Invested Assets at the lower of amortized cost or fair value. Changes in reported value from the prior period shall be recorded as unrealized gains or losses. For reporting entities that maintain an AVR, the accounting for unrealized gains and losses shall be in accordance with SSAP No. 7-Asset Valuation Reserve and Interest Maintenance Reserve."

Additionally, the language from SSAP No. 48 paragraphs 18 and 19 addresses the impairment process of an equity method investment and SSAP No. 43R, paragraphs 34 and 36, addresses the impairment process of a residual interest in a beneficial interest.

As noted, many alternatives are being discussed by interested parties. We have shared examples of our latest thinking above in order to continue a productive discussion with regulators on this important topic. We look forward to continuing to engage with regulators and stand ready to answer any questions you may have on this topic.

Ref #2022-12: Review of INT 03-02*: Modification to an Existing Intercompany Pooling Arrangement*

The Working Group re-exposed the intent to nullify INT 03-02 and directed NAIC staff to work with industry regarding some of their comments and examples to be submitted by industry.

In response to the Working Group's request for examples of a modification to an existing intercompany pooling arrangement, interested parties identified the two most common modifications to intercompany pooling arrangements:

- the combination of two intercompany pooling arrangements following the acquisition by an insurance group of another insurance company (or group of companies), and
- the removal of an insurance subsidiary from an intercompany pooling arrangement in preparation for the sale of the subsidiary (discontinued line of business)

These two types of modifications may involve the movement of a significant amount of assets and liabilities to re-balance the capital and surplus of the insurance subsidiaries involved to manage the impact to a targeted RBC for the members of the intercompany pooling arrangement. A less common modification is the re-capitalization of the members of the pooling arrangement to adjust for changes in investment strategy over time. Because this latter type of transaction usually involves the movement of cash, not assets and liabilities, we are not including an example as the effects are fairly straight forward.

For purposes of the Example 1 below, please see the attached Organization Chart – Pre-Acquisition.

Example 1 is the combination of <u>two intercompany pools following the acquisition of a group of companies:</u>

- Insurance Group (Holdco) A acquires Insurance Group (Holdco) B.
- Insurance Group A and Insurance Group B have the following intercompany pools:

<u>Intercompany Pool A:</u>	<u>Pool participation percentage:</u>
Entity A1	70%
Entity A2	26%
Entity A3	4%

<u>Intercompany Pool B:</u>	<u>Pool participation percentage:</u>
Entity B1	60%
Entity B2	22%
Entity B3	18%

Upon completion of the acquisition, the acquired companies are owned by a common holding company for this example (please see attached Organizational Chart Post Acquisition – Example 1).

- Intercompany Pool A modifies its pooling arrangement, brings Intercompany Pool B into Intercompany Pool A and resets the pool participation percentages retroactive to January 1 of the current year as follows:

<u>Intercompany Pool A:</u>	<u>Pool participation percentage:</u>
Entity A1	40%
Entity A2	20%
Entity A3	3%

Entity B1	22%
Entity B2	8%
Entity B3	7%

- In this example, each entity's pool participation percentage have been reset in order to balance future capital needs, with consideration of risk-based capital and other financial measures (e.g., IRIS ratios).

- As a result of the pooling modification, the three former Intercompany Pool B entities must transfer net assets to each of the Intercompany Pool A entities. For purposes of this example, entity B1 transfers bonds totaling $9,000,000 to entity A1 in order to support the $9,000,000 of reserves[1] transferred to entity A1.

Scenario 1:

- If bonds with a market value of $9,000,000 and an amortized cost of $8,000,000 are transferred from entity B1 to entity A1 at market value, entity B1 may or may not have to defer its gain resulting from the transfer. This will depend on whether entity A1 and entity B1 have a common insurance entity parent. For example, if entity B1 is under entity A1's ownership chain or vice-versa as shown in the attached Organizational Chart Post Acquisition – Example 1, the gain will be deferred; otherwise, the gain will be realized. In the example provided, B1 would realize the gain on the transfers of assets to A1 as the two entities are not owned by the same insurer. However, if A3 transferred assets to A1, the gain in this instance would be deferred.

- More importantly, because insurers generally hold most bond investments to maturity, the cash flows from the contractual payments over the term of the bonds will be aligned with the bonds' amortized cost, not the market value at a point in time. Because entity B1 transferred bonds with an amortized cost of $1,000,000 less than that needed to support the reserves transferred (at book value) to entity A1, entity A1 will have received a deficient amount of assets (future cashflows) as part of the modification of the intercompany pooling arrangement. This will result because entity A1 will realize cash flows closer to the $8,000,000 amortized cost of the bonds rather than the market value at the time of the pooling modification of $9,000,000.

- In addition, if entity B1 has recorded a gain in surplus as a result of the transfer of the bonds as part of the intercompany pooling modification transaction, entity B1 must treat the intercompany pooling as retroactive reinsurance pursuant to paragraph 36d of SSAP No. 62R as provided in the example.

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[1] The reserves transferred would typically include loss and loss adjustment expenses and other underwriting expense reserves, net of any premiums receivable subject to the pooling arrangement.

Scenario 2:

- If bonds with a market value of $9,000,000 and an amortized cost of $10,000,000 are transferred from entity B1 to entity A1 at market value, entity A1 will have received excess assets of $1,000,000 above the reserves transferred (at book value) to entity A1, as entity A1 will realize cash flows from the $10,000,000 amortized cost of the bonds rather than the market value at the time of the pooling modification of $9,000,000. Therefore, if entity B1 is required to transfer the assets at fair value, it has essentially sent a dividend of $1,000,000 to entity A1.

Example 2 is the removal of an insurance subsidiary from an intercompany pooling arrangement in preparation for the sale of the subsidiary (discontinued line of business). For this example, please see attached Organizational Chart – Example 2:

- Entity A6 is removed from the Intercompany Pool comprised of 6 insurance subsidiaries under Holdco A (as the insurance group is discontinuing A6's lines of business and selling the entity A6).

- The intercompany pooling arrangement is modified and the pooling percentages are reset such that entity A1 absorbs A6's pooling participation (retroactive to January 1 of the current year).

- Prior to the modification, the intercompany pooling percentages are:

Intercompany Pool participant:	Pool participation percentage:
Entity A1	37%
Entity A2	14%
Entity A3	2%
Entity A4	28%
Entity A5	10%
Entity A6	9%

- After the modification, the intercompany pooling percentages are:

Intercompany Pool participant:	Pool participation percentage:
Entity A1	46%
Entity A2	14%
Entity A3	2%
Entity A4	28%
Entity A5	10%

- As a result of the pooling modification, entity A6 must transfer net assets to entity A1. For purposes of this example, entity A6 transfers bonds totaling $27,000,000 to entity A1 in order to support the reserves[2] transferred to entity A1 for the business retained by the intercompany pool.

Scenario 1:

- If bonds with a market value of $27,000,000 and an amortized cost of $26,000,000 are transferred from entity A6 to entity A1 at market value, the implications of such a transfer are the same as in Example 1. Entity A6 may or may not have to defer its gain resulting from the transfer. This will depend on whether or not entity A1 and entity A6 have a common insurance entity parent (the attached Example 2 assumes that the entities do not have a common insurance entity parent). For example, if entity was a subsidiary of entity A1, the gain will be deferred; otherwise, the gain will be realized. In the example provided, A6 would realize the gain on the transfers of assets to A1 as the two entities are not owned by the same insurer. However, if A3 transferred assets to A1, the gain in this instance would be deferred.

- Because entity A6 transferred bonds with an amortized cost of $1,000,000 less than that needed to support the reserves transferred (at book value) to entity A1, entity A1 will have received a deficient amount of assets (future cash flows) as part of the modification of the intercompany pooling arrangement. This will result because entity A1 will realize cash flows closer to the $26,000,000 amortized cost of the bonds rather than the market value of $27,000,000 at the time of the pooling modification.

- In addition, if entity A6 has recorded a gain in surplus as a result of the transfer of the bonds as part of the intercompany pooling modification transaction, entity A6 must treat the intercompany pooling as retroactive reinsurance pursuant to SSAP No. 62R.

Scenario 2:

- If bonds with a market value of $27,000,000 and an amortized cost of $28,000,000 are transferred from entity A6 to entity A1 at market value, entity A1 will have received excess assets of $1,000,000 above the reserves transferred (at book value) to entity A1, as entity A1 will realize cash flows from the $28,000,000 amortized cost of the bonds rather than the market value of $27,000,000 at the time of the pooling modification. Therefore, if entity A6 is required to transfer the assets at fair value, it has essentially sent a dividend of $1,000,000 to entity A1.

Ref #2022-14: New Market Tax Credits

The Working Group exposed additional revisions made to SSAP No. 93 and SSAP No. 94R. Additionally, the Working Group directed NAIC staff to work with interested parties to draft revisions to the annual statement instructions and reporting updates.

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[2] The reserves transferred would typically include loss and loss adjustment expenses and other underwriting expense reserves, net of any premiums receivable subject to the pooling arrangement.

Revisions to SSAP No. 93 – *Low-Income Housing Tax Credit Property Investments* and SSAP No. 94R – *Transferable and non-transferable State Tax Credits* and updates were made in response to comments received from interested parties.

Interested parties appreciate the opportunity to comment on the substantive revisions exposed by the Working Group for SSAP No. 93 – *Low Income Housing Tax Credit Property Investments* and SSAP No. 94 - *Transferable and Non-Transferable State Tax Credits* under item Ref #2022-14 *New Markets Tax Credits* (the Exposure). As stated in our prior comment letter on this topic, interested parties agree with having uniformity in accounting and reporting for equity and debt investments for which the return is earned primarily through tax credits. Interested parties agree that the proportional amortization method is an appropriate method to use for any type of investment (debt or equity) where the return is primarily earned through tax credits. However, we have concerns regarding the proposed adoption and scope provisions of the Exposure along with concerns that certain aspects of the Exposure could be misinterpreted which are outlined in the comments below:

SSAP No. 93 Admissibility Requirements for Ownership Interests in Tax Credit Investments
Paragraph 18 requires reporting entities to annually assess the future utilization of the unallocated tax credits associated with an entity's ownership interest in a tax credit investment project to determine if the investment can be admitted. Interested parties agree with the requirements of this paragraph to the extent that a tax credit investment meets **both** of the following criteria:

1) a reporting entity is not permitted to sell its ownership interest in a tax credit investment project to a 3rd party, and
2) the tax credits generated by the investment are not transferrable post allocation by the tax credit investment project.

If both of these criteria are met, a reporting entity's ownership interest in a tax credit investment can only be converted into allocated tax credits for use by the reporting entity and therefore, evaluation for admittance based on a reporting entity's ability to utilize the tax credits is appropriate.

Interested parties do not believe that the admissibility criteria within paragraph 18 should apply to ownership interests in tax credit investments that are unrestricted for sale (regardless of the type of tax credits that it generates and allocates) **or** for ownership interests in tax credit investments that are restricted but generate transferrable tax credits. Ownership interests in these types of tax credit investments represent investments that can be directly liquidated to satisfy policyholder obligations either through sale of the reporting entity's ownership interest in the investment (i.e., the future rights to receive tax credits that have not yet been generated and allocated by the tax credit investment) *or* sale of the transferrable tax credit post allocation. Therefore, we believe that these types of tax credit investments represent admitted assets and are fundamentally different from nonsaleable ownership interests in tax credit investments that only allocate non-transferrable tax credits.

Interested parties acknowledge that paragraphs 18(a) and 18(b) appear to provide an exception to the admissibility requirements in paragraph 18 for these types of investments:

> *18(a). Tax credit investments which allocate tax credits which are certificated or transferable in accordance with permitted IRS or state tax provisions may admit up to the lesser of the proportional amortized cost, or fair value of the tax credits. If the fair market value is not determinable, then the reporting entity may only admit the amount calculated in paragraph 18.*
>
> *18(b). Tax credit investments which allocate tax credits eligible for direct payment may admit up to the lesser of the proportional amortized cost, or the estimated proceeds.*

With respect to paragraph 18(a), interested parties disagree with the concept that if the fair value of a tax credit investment is not determinable, a reporting entity must apply the admissibility criteria within paragraph 18 because this conflicts with the impairment requirements in paragraph 25 of SSAP No. 93R, which provides guidance to ensure that a reporting entity's ownership interest in a tax credit investment would never exceed its fair value. We believe paragraph 25 of SSAP No. 93R appropriately addresses admissibility for these scenarios and therefore the language in paragraph 18(a) should be removed from the Exposure. Further, paragraph 25 requires a reporting entity to test its investment in tax credit projects for impairment annually and permits a reporting entity to estimate fair value as the present value of the future tax credits and other tax benefits that are expected to be generated by the tax credit investment discounted at a risk-free rate of return. Interested parties believe that this method provides a reasonable approximation of the fair value of a reporting entity's ownership interest in a tax credit investment, as it is based on assumptions that would be used by market participants when determining the purchase price of a similar investment (i.e., fair value is directly tied to the tax credits/benefits expected to be generated by the investment). As these types of tax credit investments are unrestricted for sale, we believe these ownership interests should be considered admitted assets and that admissibility is appropriately captured by the impairment testing requirements of paragraph 25. In addition, interest parties believe paragraph 25 also addresses admissibility for ownership interests in tax credit investments that may be restricted for sale if they allocate transferrable tax credits. This is because of the direct link between a tax credit investment's fair value and the value of the tax credits it allocates. Accordingly, in these circumstances because the tax credit allocated by the investment can ultimately be sold to a 3rd party, the impairment testing requirements of paragraph 25 also appropriately address admissibility considerations related to the tax credit investment.

With respect to paragraph 18(b), interested parties believe the meaning of "estimated proceeds" has the same meaning as fair value and represents the price that would be received by the reporting entity for its ownership interest in a tax credit investment in an orderly transaction between market participants and that wording should therefore be stricken from paragraph 18. We believe that ownership interests in tax credit investments that allocate tax credits eligible for direct payment (i.e., non-transferrable tax credits) are no different from those that allocate transferrable assets because a reporting entity can sell its ownership interest in the tax credit investment (i.e., the rights to receive tax credits that have not yet been generated and allocated by the tax credit investment). Similarly, we believe that admissibility of these tax credit investments is appropriately addressed by the impairment requirements of paragraph 25 because the fair value of a reporting entity's ownership interest in these tax credit investments is directly tied to the future tax credits and other tax benefits that are expected to be generated by the tax credit investment project.

Given these considerations, interest parties suggest the following revisions to paragraph 18; note that the proposed revisions below do not contemplate changes that may arise from the other comments discussed in this letter:

Reporting entities are required to annually assess the future utilization of the investment's current portion of unallocated tax credits against the estimated tax liabilities for both the tax year in which the tax credits can be initially utilized as well as any applicable carryback periods for a reporting entity's ownership interest in tax credit investments that meet both of the following criteria:

a. *the ownership interest in the tax credit investment is legally restricted for sale, and*
b. *the tax credits allocated to the reporting entity by the tax credit investment are not transferrable post allocation.*

~~*Based on this assessment,*~~ *For tax credit investments that meet both of these criteria,* *…………………………..*

…. ~~*As an exception to the admittance assessment detailed above, if the tax credit investment allocates tax credits with the following features the reporting entity may perform a secondary assessment to determine if additional amounts of the tax credit investment may be admitted*~~*:*

~~a. *Tax credit investments which allocate tax credits which are certificated or transferable in accordance with permitted IRS or state tax provisions may admit up to the lesser of the proportional amortized cost, or fair value of the tax credits. If the fair market value is not determinable, then the reporting entity may only admit the amount calculated in paragraph 18.*~~
~~b. *Tax credit investments which allocate tax credits eligible for direct payment may admit up to the lesser of the proportional amortized cost, or the estimated proceeds.*~~

SSAP No. 93 Paragraph 18 Clarifications
Interested parties also suggest clarification of key terms in paragraph 18. Based on previous dialog with the Working Group, we propose the following definitions:

1) "unallocated tax credits" - the portion of tax credits expected to be earned and allocated to the reporting entity through the investment structure.
2) "current portion" - the credits allocated within one year of the reporting period.

In addition, to avoid misinterpretation we propose that instead of assessing if the unallocated tax credits will be used over the life of the investment, that the assessment should occur over the life of the tax credit. This language aligns with the next sentence, which references if the unallocated tax credits will exceed what can be utilized under IRS or state tax provisions, the reporting entity must non-admit a portion of the investments. IRS and state tax authorities generally provide that if tax credits allocated or generated in the current year cannot be used to offset the current tax liability, they are carried forward for a specified number of years.

> "...if the reporting entity does not expect to substantially utilize the current portion of unallocated investment tax credits, the reporting entity shall perform an expanded assessment to determine the extent that it will be able to utilize all of the investment's unallocated tax credits over the life of the tax credit ~~the life of the investment~~. If assessment projections identify that the investment's unallocated tax credits will exceed what can be utilized under IRS or state tax provisions (current and carryforward periods ~~other applicable tax periods~~), the reporting entity shall nonadmit investments as necessary so that investments in scope of this statement (in aggregate) are only admitted to the extent tax credits are expected to be utilized within carryforward periods. Additionally, if the assessment indicates that the next three years of investment tax credits cannot be substantially utilized within the carryforward periods then the entire investment shall be nonadmitted."

Paragraph 18 disallows reporting entities from assuming that future operations will increase as support for the utilization of tax credits. However, interested parties assume that tax planning strategies are required when assessing the utilization of unallocated tax credits, similar to the valuation allowance requirements under SSAP No. 101. Explicitly providing this requirement prevents misinterpretation and avoids unintended fluctuations in surplus in the year credits are allocated and assessed under the guidelines in SSAP No. 101.

Retrospective Versus Prospective Adoption
Interested parties believe that applying the requirements under the revised standards upon transition should be done on a prospective basis so that no adjustments to surplus are recorded at the date of adoption. Under the prospective method, companies will analyze which of their investments meet the criteria under each standard. For SSAP No. 93 investments, the carrying book value at the date of adoption will become the starting balance, which will be used to determine future amortization under the proportional amortization method based on future tax credits and other tax benefits to be earned. Under SSAP No. 94, the requirement to record the credits at their face value should be applied to future purchases only. Otherwise, we would have to adjust the book value of those credits upon adoption due to the change in accounting for SSAP No. 94 purchased tax credits that requires recording these credits at face value rather than actual cost.

Adoption Date
Due to the level of work required to review investments for which tax credits are received to determine if they meet the criteria under SSAP No. 93, we believe that having an effective date of 1/1/25 would be more reasonable. In addition, we understand that changes to Schedule BA along with review by the NAIC's Capital Adequacy Working Group will need to take place to report the new investments in the appropriate section of the schedule. Since this will require

additional time as well, 1/1/25 seems reasonable. Although the FASB ASU has an adoption date of 1/1/2024 for many insurers, many other insurers do not apply US GAAP and/or meet the requirements to adopt the ASU after 1/1/2024. Additionally, the accounting requirements for the new FASB ASU are different than those under the Exposure and thus, additional time to adopt the Exposure is warranted.

For SSAP No. 94 tax credits, since the adoption of this standard requires minimal changes to the annual statement as these are reported as other-than-invested assets and not as investments, an effective date of 1/1/25 with early adoption allowed will be beneficial for industry. Early adoption will allow insurers that purchase federal tax credits to apply the proposed accounting under SSAP No. 94. Otherwise, there may be questions of admissibility for new instruments purchased, since today's SSAP No. 94 only addresses state tax credits.

SSAP No. 94 Scope
There have been some questions about whether there is enough clarity about the types of tax credits that fall within SSAP No. 93 versus SSAP. No. 94. Interested parties' understanding is that SSAP No. 93 relates to debt and equity investments where the return on the investment is predominantly from tax credits and other tax benefits whereas SSAP No. 94 addresses tax credit "vouchers" that are purchased outright from any party, which are not considered investments (but instead represent receivables). To that end, we want to suggest the following edits to the SSAP No. 94 scope:

> "This statement establishes statutory accounting principles for state and federal tax credits that are purchased1 by the reporting entity without being a~~n~~ bond or equity investor in the entity from which the tax credit were purchased."

Ref #2023-14: ***SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve***

The Working Group moved this agenda item to the active listing, categorized as a new SAP concept and exposed this agenda item with the overall concept for a long-term project to capture accounting guidance for AVR and IMR in SSAP No. 7. Although revisions may be considered and adopted to allow focus on specific discussion aspects, ultimately, the movement of the accounting guidance to SSAP No. 7, and any revisions from the annual statement instructions when incorporating SAP guidance, is proposed to be captured as a new SAP concept with a corresponding issue paper to detail the revisions. The agenda item identifies discussion topics to be included in this project.

Interested parties support the comments made by the ACLI in its comment letter.

Schedule Ref #2023-16: Schedule BA Reporting Categories

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed this agenda item to further define for consistency purposes the investments captured as non-registered private funds, joint ventures, partnerships or limited liability companies, or residual interests and reported based on the underlying characteristics of assets. This item contains revisions to further define, for consistency purposes, investments captured as non-registered private funds, joint ventures, partnerships or limited liability companies, or residual interests and reported based on the underlying characteristics of assets.

Interested parties recommend several edits to further clarify and define the investments that should be categorized as non-registered private funds, joint ventures, partnerships or limited liability companies or residual interests, based on the characteristics of the underlying assets.

Please see the related attachment with marked edits.

We do not recommend any changes to the language describing Non-Registered Private Funds, but we would like to comment on what is included in that section in response to the Working Group's request: in addition to private funds which have been filed with the SVO and private funds which have not been filed with the SVO, there are certain fixed income instruments not included on schedule D or schedule B, consistent with the Annual Statement Instructions for that schedule.

Ref #2023-17: Short-term Investments

The Working Group moved this agenda item to the active listing, categorized as a new SAP concept, and exposed revisions to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. To correspond with the bond project, this agenda item proposes an effective date of Jan. 1, 2025. Additionally, subsequent blanks reporting changes will be considered to modify the cash equivalent and short-term reporting lines accordingly. This item contains revisions to further restrict the investments that are permitted to be included in cash or shorter-term investment reporting.

Interested parties have no comments on this item.

Ref #2023-18: *Proposed Revisions to SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to adopt, with modification, *ASU 2016-19, Technical Corrections and Improvements* for statutory accounting in SSAP Nos. 5R, 92, 102, and 103R as illustrated in the proposal. The proposed revisions adopt with modification certain aspects of *ASU 2016-19: Technical Corrections and Improvements*. The revisions also include amending SSAP No. 92 – *Postretirement Benefits Other Than Pensions* guidance on insurance contracts to use the same terminology as that used in SSAP No. 102 – *Pensions*.

Interested parties have no comments on this item.

Ref #2023-19: ASU 2018-09, Codification Improvements

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2018-09 Codification Improvements* as not applicable for statutory accounting.

Interested parties agree with the recommendation in this agenda item.

Ref #2023-20: ASU 2020-10, Codification Improvements

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2020-10, Codification Improvements* as not applicable for statutory accounting.

Interested parties agree with the recommendation in this agenda item.

Ref #2023-21: Removal of Transition Guidance from SSAP No. 92 and SSAP No. 102

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 92 and SSAP No. 102 to remove the transition guidance that was no longer applicable as the ten-year effective period for that transition has ended.

Interested parties agree with the recommendation in this agenda item.

Ref #2023-22: Actuarial Guideline 51 and Appendix A-010 Interaction

The Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 54R to clarify that gross premium valuation (under Appendix A-010) and cash flow testing (under AG 51) are both required, if indicated. In addition, the Working Group directed staff to provide formal notice of the exposure to the Long-Term Care Actuarial (B) Working Group and the Valuation Analysis (E) Working Group.

Interested parties have no comments on this item.

* * * *

Please feel free to contact either one of us with any questions you may have.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Interested parties
NAIC staff

Ref #2023-18

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: ASU 2016-19, Technical Corrections and Improvements

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: In December 2016, FASB issued *ASU 2016-19, Technical Corrections and Improvements,* as part of a standing project on its agenda to address suggestions received from stakeholders on FASB Codifications and to make other incremental improvements to U.S. GAAP. This perpetual project facilitates FASB Codification updates for technical corrections, clarifications, and other minor improvements. The changes made by ASU 2016-19 included minor clarifications, corrections, addition of codification references, guidance relocations, and removal of redundant, outdated, or superseded guidance.

Existing Authoritative Literature:
The table starting on page 3 summarizes the updates in this ASU, as well as defines the recommended actions for statutory accounting, and will impact *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 92—Postretirement Benefits Other Than Pensions*, and *SSAP No. 102—Pensions* and *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):
None.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None.

Convergence with International Financial Reporting Standards (IFRS):
None.

Staff Recommendation:
NAIC staff recommends that the Working Group expose revisions to adopt with modification ASU 2016-19, Technical Corrections and Improvements in S*SAP No. 5R—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 92—Postretirement Benefits Other Than Pensions*, and *SSAP No. 102—Pensions* and *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

Ref #2023-18

Proposed Revisions to SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets

Joint and Several Liabilities

5. Joint and several liability arrangements for which the total obligation amount under the arrangement is fixed[1] at the reporting dates shall be measured and reported as the sum of:

a. The amount the reporting entity agreed to pay on the basis of the agreements among its co-obligors, and

b. Any additional amount the reporting entity expects to pay on behalf of its co-obligors. When an amount within management's estimate of the range of a loss appears to be a better estimate than any other amount within the range, that amount shall be the additional amount included in the measurement of the obligation. If no amount within the range is a better estimate than any other amount, then the midpoint shall be used.

6. Although the total amount of the obligation of the entity and its co-obligors must be fixed at the reporting date to be within the scope of this statement, the amount that the reporting entity expects to pay on behalf of its co-obligors may be uncertain at the reporting date.

Proposed Revisions to SSAP No. 92—Postretirement Benefits Other Than Pensions

53. Plan assets are assets—usually stocks, bonds, and other investments (except certain insurance ~~contracts~~ annuities as noted in paragraph 57)—that have been segregated and restricted (usually in a trust) to be used for postretirement benefits. The amount of plan assets includes amounts contributed by the employer, and by plan participants for a contributory plan, and amounts earned from investing the contributions, less benefits, income taxes, and other expenses incurred. Plan assets ordinarily cannot be withdrawn by the employer except under certain circumstances when a plan has assets in excess of obligations and the employer has taken certain steps to satisfy existing obligations. Securities of the employer held by the plan are includable in plan assets provided they are transferable.

~~Insurance~~ Annuity Contracts

57. For purposes of this statement, an ~~insurance~~ annuity contract is defined as a contract in which an insurance company unconditionally undertakes a legal obligation to provide specified benefits to specific individuals in return for a fixed consideration or premium; an ~~insurance~~ annuity contract is irrevocable and involves the transfer of significant risk from the employer (or the plan) to the insurance company. Benefits covered by ~~insurance~~ annuity contracts shall be excluded from the accumulated postretirement benefit obligation. ~~Insurance~~ Annuity contracts shall be excluded from plan assets.

58. Some ~~insurance~~ annuity contracts include participation rights (participating ~~insurance~~ annuity contracts) which provide that the purchaser (either the plan or the employer) may participate in the experience of the insurance company. Under those contracts, the insurance company ordinarily pays dividends to the purchaser, the effect of which is to reduce the cost of the plan. If the participating ~~insurance~~ annuity contract causes the employer to remain subject to all or most of the risks and rewards associated with the benefit obligation covered or the assets transferred to the insurance company, that contract is not an ~~insurance~~ annuity contract for purposes of this statement, and the

[1] Examples of items within the scope of this guidance include debt arrangements, other contractual obligations, and settled judicial litigation and judicial rulings. Loss contingencies, guarantees, pension and other postretirement benefit obligations and taxes are excluded from this guidance and shall be accounted for under the statutory accounting provisions specific to those topics.

purchase of that contract does not constitute a settlement pursuant to paragraphs 83-88. Endorsement split-dollar life ~~insurance~~ annuity contracts do not settle a liability for a postretirement benefit obligation. For these contracts and other ~~insurance~~ annuity contracts that do not constitute settlement, reporting entities shall accrue a liability for the postretirement benefit arrangement in accordance with this statement.

59. The purchase price of a participating ~~insurance~~ annuity contract ordinarily is higher than the price of an equivalent contract without a participation right. The difference is the cost of the participation right. The cost of the participation right shall be recognized at the date of purchase as a nonadmitted asset. In subsequent periods, the participation right shall be nonadmitted and measured at its fair value if the contract is such that fair value is reasonably estimable. Otherwise, the participation right shall be measured at its amortized cost (not in excess of its net realizable value), and the cost shall be amortized systematically over the expected dividend period under the contract.

60. To the extent that ~~insurance~~ annuity contracts are purchased during the period to cover postretirement benefits attributed to service in the current period (such as life insurance benefits), the cost of those benefits shall be the cost of purchasing the coverage under the contracts, except as provided in paragraph 59 for the cost of a participation right. If all the postretirement benefits attributed to service in the current period are covered by nonparticipating ~~insurance~~ annuity contracts purchased during that period, the cost of the contracts determines the service cost component of net postretirement benefit cost for that period. Benefits attributed to current service in excess of benefits provided by nonparticipating ~~insurance~~ annuity contracts purchased during the current period shall be accounted for according to the provisions of this statement applicable to plans not involving ~~insurance~~ annuity contracts.

61. Other contracts with insurance companies may not meet the definition of an ~~insurance~~ annuity contract because the insurance company does not unconditionally undertake a legal obligation to provide specified benefits to specified individuals. Those contracts shall be accounted for as investments and measured at fair value. If a contract has a determinable cash surrender value or conversion value, that is presumed to be its fair value. For some contracts, the best available estimate of fair value may be contract value.

62. The measurements of plan assets and benefit obligations required by this statement shall be as of the date of the employer's fiscal year-end statement of financial position. Even though the postretirement benefit measurements are required as of a particular date, all procedures are not required to be performed after that date. As with other financial statement items requiring estimates, much of the information can be prepared as of an earlier date and projected forward to account for ~~subsequent~~ events occurring between the most recent valuation date and the plan's year end (for example, employee service and benefit payments).

Accounting for Settlement of a Postretirement Benefit Obligation

83. For purposes of this statement, a settlement is defined as a transaction that (a) is an irrevocable action, (b) relieves the employer (or the plan) of primary responsibility for a postretirement benefit obligation, and (c) eliminates significant risks related to the obligation and the assets used to effect the settlement. Examples of transactions that constitute a settlement include making lump-sum cash payments to plan participants in exchange for their rights to receive specified postretirement benefits and purchasing long-term nonparticipating ~~insurance~~annuity contracts for the accumulated postretirement benefit obligation for some or all of the plan participants.

87. If the purchase of a participating ~~insurance~~annuity contract constitutes a settlement, the maximum gain (but not the maximum loss) shall be reduced by the cost of the participation right before determining the amount to be

recognized in income. As detailed in paragraph 58, the purchase of an endorsement split-dollar life ~~insurance~~annuity contract does not settle a liability for a postretirement benefit obligation.

Accounting for a Plan Curtailment

93. A settlement and a curtailment may occur separately or together. If benefits expected to be paid in future periods are eliminated for some plan participants (for example, because a significant portion of the work force is dismissed or a plant is closed) but the plan remains in existence and continues to pay benefits, to invest assets, and to receive contributions, a curtailment has occurred but not a settlement. If an employer purchases nonparticipating ~~insurance~~annuity contracts for the accumulated postretirement benefit obligation and continues to provide defined benefits for future service, either in the same plan or in a successor plan, a settlement has occurred but not a curtailment. If a plan termination occurs (that is, the obligation is settled and the plan ceases to exist) and the plan is not replaced by a successor defined benefit plan, both a settlement and a curtailment have occurred (whether or not the employees continue to work for the employer).

Proposed Revisions to SSAP No. 102—Pensions

Measurement of Plan Assets

45. The measurements of plan assets and benefit obligations shall be as of the date of the employer's fiscal year-end statement of financial position. Requiring that the pension measurements be as of a particular date is not intended to require that all procedures be performed after that date. As with other financial statement items requiring estimates, much of the information can be prepared as of an earlier date and projected forward to account for ~~subsequent~~ events occurring between the most recent valuation date and the plan's year end (for example, employee service and benefit payments). Unless a business entity remeasures both its plan assets and benefit obligations during the fiscal year, the funded status it reports in its interim-period statement of financial position shall be the same asset or liability recognized in the previous year-end statement of financial position adjusted for (1) subsequent accruals of net periodic pension cost that exclude the amortization of amounts previously recognized in other unassigned funds (surplus) (for example, subsequent accruals of service cost, interest cost, and return on plan assets) and (2) contributions to a funded plan, or benefit payments. Sometimes, a business entity remeasures both plan assets and benefit obligations during the fiscal year. That is the case, for example, when a significant event such as a plan amendment, settlement, or curtailment occurs that calls for a remeasurement. Upon remeasurement, a business entity shall adjust its statement of financial position in a subsequent interim period to reflect the overfunded or underfunded status of the plan consistent with that measurement date.

Annuity Contracts

50. An annuity contract is a contract in which an insurance company unconditionally undertakes a legal obligation to provide specified benefits to specific individuals in return for a fixed consideration or premium. An annuity contract is irrevocable and involves the transfer of significant risk from the employer to the insurance company. Some annuity contracts ~~(participating annuity contracts)~~include participation rights (participating annuity contract) which provide that the purchaser (either the plan or the employer) may participate in the experience of the insurance company. Under those contracts, the insurance company ordinarily pays dividends to the purchaser. If the substance of a participating annuity contract is such that the employer remains subject to all or most of the risks and rewards associated with the benefit obligation covered and the assets transferred to the insurance company, that contract is not an annuity contract for purposes of this statement.

Ref #2023-18

Proposed Revisions to SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities

SCOPE OF STATEMENT

1. Transfers of financial assets take many forms. Accounting for transfers in which the transferor has no continuing involvement with the transferred financial assets or with the transferee are generally straightforward. However, transfers of financial assets often occur in which the transferor has some continuing involvement either with the assets transferred or with the transferee. Examples of continuing involvement include, but are not limited to, servicing arrangements, recourse or guarantee arrangements, agreements to purchase or redeem transferred financial assets, options written or held, derivative financial instruments that are entered into contemporaneously with, or in contemplation of the transfer, arrangements to provide financial support, pledges of collateral, and the transferor's beneficial interests in the transferred financial assets. Transfers of financial assets with continuing involvement raise issues about the circumstances under which the transfers should be considered as sales of all or part of the assets or as secured borrowings. An objective in accounting for transfers of financial assets is for each reporting entity that is a party to the transaction to recognize only assets it controls and liabilities it has incurred, to derecognize assets only when control has been surrendered, and to derecognize liabilities only when they have been extinguished. Sales and other transfers may frequently result in a disaggregation of financial assets and liabilities into components, which become separate assets and liabilities. The guidance in this statement also applies to transactions in which servicing assets are transferred with loans retained by the transferor.

Disclosures

24. Disclosures required by this statement may be reported in the aggregate for similar transfers if separate reporting of each transfer would not provide more useful information to financial statement users. A transferor shall disclose how similar transfers are aggregated. A transferor shall distinguish transfers that are accounted for as sales from transfers that are accounted for as secured borrowings. If specific disclosures are required for a particular form of a transferor's continuing involvement by other SSAPs, the transferor shall provide the information required in (a) through (c) with a cross-reference to the separate notes to financial statements so a financial statement user can understand the risks retained in the transfer. In determining whether to aggregate the disclosures for multiple transfers, the reporting entity shall consider quantitative and qualitative information about the characteristics of the transferred financial assets. For example, consideration should be given, but not limited, to the following:

a. The nature of the transferor's continuing involvement.

b. The types of financial assets transferred.

c. Risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the change in the transferor's risk profile as a result of the transfer.

Staff Review Completed by:
NAIC Staff – William Oden, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to adopt, with modification, *ASU 2016-19, Technical Corrections and Improvements* for statutory accounting in SSAP Nos. 5R, 92, 102, and 103R as illustrated above.

Ref #2023-18

On October 23, 2023, the Statutory Accounting Principles (E) Working Group adopted with modification, ASU 2016-19, as illustrated above, to SSAP No. 5R, SSAP No. 92, SSAP No. 102, and SSAP No. 103R.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneC2-23-18-ASU 2016-19-Tech Corrections-Improvements.docx

Ref #2023-18

The last column lists the status of the GAAP source literature for statutory accounting and the recommended action.

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Balance Sheet—Offsetting	210-20	Amendment aligns the wording in the Example with paragraph 815-210-50-4D by replacing the term underlying risk with the term type of contract.	55-22	Statutory guidance does not include amended example problem. **This update is not applicable – no action required.**
Risks and Uncertainties—Overall	275-10	Amendment simplifies the Codification by removing the explanation of reasonably possible in paragraph 275-10-50-8 and replacing it with a link to the Master Glossary term reasonably possible. There are consequential amendments for paragraphs 275-10-50-6 and 275-10-55-9.	50-8	Master glossary is not utilized by the Accounting Practices and Procedures (AP&P) Manual and the definition for 'reasonably possible' is properly included within the manual. **This update is not applicable – no action required.**
Troubled Debt Restructurings by Creditors & Debt—Troubled Debt Restructurings by Debtors	310-40 470-60	This amendment removes the definition from the Master Glossary and includes the definition in Scope and Scope Exceptions paragraphs 310-40-15-4A and 470-60-15-4A. Consequential amendments also remove links to the Master Glossary term from other Subtopics that are not related to troubled debt restructuring.	15-4A 15-4A	Master glossary is not utilized by the AP&P manual and the definition of debt is already included within the manual. **This update is not applicable – no action required.**

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Intangibles—Goodwill and Other—Goodwill	350-20	Paragraph 350-20-45-3 provides guidance on the presentation of a goodwill impairment loss that is associated with discontinued operations. This amendment adds a reference to Subtopic 205-20, Presentation of Financial Statements—Discontinued Operations, in that paragraph.	45-3	Statutory accounting does not provide separate guidance on goodwill impairments from discontinued operations, as such adding a guidance reference between *SSAP No. 24–Discontinued Operations and Extraordinary Items* and *SSAP No. 68–Business Combinations and Goodwill* is not considered necessary. **This update is not applicable – no action required.**
Intangibles—Goodwill and Other—Internal-Use Software	350-40	This amendment addresses stakeholder concern that the accounting for software licenses acquired for internal use following the adoption of the amendments in ASU 2015-05 is not clear because paragraph 350-40-25-16 was superseded, and no new guidance was added in its place. The new paragraphs provide transition guidance and clarify the Board's intent that an entity should apply the existing recognition and measurement requirements in GAAP for acquired intangible assets to a hosting arrangement that includes a license to	25-17 65-2	*SSAP No. 16R–Electronic Data Processing Equipment and Software* paragraph 12b already includes guidance for acquisitions which include both hosting and internal-use software components. **This update is not applicable – no action required.**

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		software (as described in paragraphs 350-40-15-1 through 15-4C).		
Plant, and Equipment—Real Estate Sales	360-20	When EITF Issue 87-9 was codified in Subtopic 360-20, the final paragraph in that EITF Issue that contained the reversal of the initial position of the Task Force was not codified. This amendment corrects the Accounting Standards Codification to reflect the final conclusions of the EITF on that Issue.	55-3	*SSAP No. 40R–Real Estate Investments* directs readers to apply FASB guidance for real estate sales. As such, no changes are required to update the AP&P Manual for this change. **This update is not applicable – no action required.**
Liabilities—Obligations Resulting from Joint and Several Liability Arrangements	405-40	This amendment adds an explanatory paragraph after paragraph 405-40-15- 1 to clarify that for the total amount of an obligation under a joint and several liability arrangement to be considered fixed at the reporting date, the amount that must be fixed on the obligation resulting from the joint and several liability arrangement is not the amount that is the entity's portion of the obligation, but is the obligation in its entirety.	15-2	Clarifying amendment to joint and several liabilities is considered applicable for statutory accounting. **Staff recommends adoption of the amendment with modification to SSAP No. 5R, as detailed above.**
Guarantees—Overall	460-10	This amendment clarifies the wording in paragraph 460-10-50-1 so that its scope also applies to paragraph 460-10-50-4. The unclear wording along with the structure of the heading levels in paragraphs 460-10-50-1 through 50-4 could be interpreted as if the	50-1	Clarification to *SSAP No. 5R* is not applicable as the changes are specific to FASB paragraph structures. **This update is not applicable – no action required.**

Ref #2023-18

Topic	**Codification**	**Abbreviated Summary of Change**	**Related Paragraphs**	**SAP Status/Recommendation**
		disclosure guidance in paragraph 460-10-50-1 only applies to paragraphs 460-10-50-2 through 50-3 and those guarantees outside the scope of paragraph 460-10-50-4.		
Equity—Overall	505-10 505-30 505-50 505-60	This amendment simplifies the guidance by removing the terms public and nonpublic from these paragraphs and stating that the guidance applies to all entities that meet the stated characteristics.	15-1 15-1 15-1 15-1	Statutory accounting does not distinguish between public and nonpublic companies. **This update is not applicable – no action required.**
Compensation—Retirement Benefits—Defined Benefit Plans—Pension & Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement & Financial Services—Insurance—Policyholder Dividends & Financial Services—Insurance—Business Combinations	715-30 715-60 944-50 944-805	These amendments simplify the codifications by using consistent terminology related to participating insurance. This amendment uses the term participating insurance throughout the related guidance and removes the duplicate terms participating insurance contract, participating insurance contracts, and participating contract from the Master Glossary.	25-7 35-53 35-59 35-79 35-88 55-153 35-115 35-156 25-2 05-10	Staff noted that *SSAP No. 102* uses the term 'annuity contract' instead of 'insurance contract' as annuity contracts are codified within model laws. Staff recommends that SSAP 92 be updated to also utilize the terminology "annuity contracts". **Staff recommend adoption of this amendment with modification to SSAP No. 92, as detailed above. Staff also recommend some minor editorial changes to SSAP No. 102, detailed above.**

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement	715-60	This amendment removes the reference to securitization of trade receivables or loan receivables in the Master Glossary. When the creditor's (transferor's) transfer satisfies the requirements for sale accounting, the creditor would have a new asset and its beneficial interests in the receivables would meet the definition of a debt security in accordance with paragraph 860-20-35-2.	35-107 35-112	Master glossary is not utilized by the Accounting Practices and Procedures (AP&P) Manual. **This update is not applicable – no action required.**
Business Combinations—Overall	805-10	This amendment replaces the reference to the guidance in Section 958-810- 25 on not-for-profit entities—consolidation—recognition in paragraph 805-10-15-4(e) to the more specific reference of paragraph 958-810-25-4. Paragraph 958-810-25-4 describes control by other means and contains criteria for consolidation. In addition, the phrase as permitted or required by is replaced by the word described in paragraph 805-10-15-4(e) to be less confusing to the users of the Accounting Standards Codification.	15-4	Statutory accounting does not have separate guidance for nonprofit and for-profit companies. Additionally, business combination guidance related to Variable Interest Entities has not yet been considered for statutory accounting purposes. **This update is not applicable – no action required.**
Derivatives and Hedging—Embedded Derivatives	815-15	This amendment simplifies the wording in paragraph 815-15-55-216 and adds a reference to Subtopic 815-10, Derivatives and Hedging—Overall, which contains guidance on the normal	55-216	The amended implementation example is not included in statutory accounting guidance.

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		purchases and normal sales exception. The added reference better enables users to find this guidance.		**This update is not applicable – no action required.**
Derivatives and Hedging—Hedging—General	815-20	This amendment removes the words "all of" from. When this guidance was codified by FASB Statement No. 133 Accounting for Derivative Instruments and Hedging Activities, the words "all of" were added, which appears to make it a list of requirements instead of circumstances to consider.	55-24 55-44 55-44A	The amended implementation guidance was not adopted for statutory accounting purposes. **This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	This amendment changes the term 'valuation technique' to 'valuation approach' for clarity. The Master Glossary also defines each of the approaches as a technique, which is misleading. Topic 820 prescribes that, at all times, the more detailed technique should be disclosed rather than the overall approach.	35-16BB 35-24A 50-2 55-35 55-36 55-37 55-38 65-11	Terminology correction is not necessary as the AP&P Manual already includes the delineation between approaches and techniques within *SSAP 100R–Fair Value*. **This update is not applicable – no action required.**
Fair Value Measurement—Overall & Financial Services—Insurance—Insurance Activities & Financial Services—Insurance—Claim	825-10 944-20 944-40 944-210 944-310	This amendment replaces 'reinsurance receivable' with 'reinsurance recoverable'. This change resolves inconsistencies within the Accounting Standards Codification where in some instances the term reinsurance receivable is used, while in other instances the term reinsurance recoverable is used.	825-10-50-22 944-20-50-5 944-40-25-34 50-3	Terminology correction is not necessary as the AP&P Manual already uses the terminology 'reinsurance recoverable'. All other miscellaneous changes made by the amendment were made to sections not adopted for statutory accounting purposes.

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Costs and Liabilities for Future Policy Benefits & Financial Services Insurance—Balance Sheet & Financial Services—Insurance—Receivables & Financial Services—Insurance—Revenue Recognition & Financial Services—Insurance—Business Combinations & Financial Services—Insurance—Financial Instruments	944-605 944-805 944-825		50-4C 50-9 55-6 944-210- 55-1 944-310- 05-1 05-2 25-2 35-4 45-5 45-6 50-2 944-605- 25-22 25-23 35-12 55-1 55-11 55-12 55-14 55-15 944-805- 30-1 944-825-	**This update is not applicable – no action required.**

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
			50-1 50-1B	
Financial Instruments—Registration Payment Arrangements	825-20	Registration payment arrangement is not a Master Glossary term, but it is defined in paragraph 825-20-15-3 and is referenced in multiple places within the Accounting Standards Codification. To avoid any confusion and maintain consistency with the definition of registration payment arrangement, this amendment defines the term in the Master Glossary and supersedes paragraph 825-20-15-3.	15-2 15-3	Master glossary is not utilized by the Accounting Practices and Procedures (AP&P) Manual. **This update is not applicable – no action required.**
Reorganizations—Income Taxes	825-740	This amendment makes the wording in paragraph 852-740-45-3 consistent with that in paragraph 852-740-55-2. The term 'ordinarily' used in FASB *Statement No. 109, Accounting for Income Taxes*, was related to one exception for enterprises that had previously adopted FASB Statement No. 96, Accounting for Income Taxes. That exception is no longer relevant, and, therefore, the term ordinarily should be removed.	45-3	The amended wording change affects guidance which was not adopted for statutory accounting purposes. **This update is not applicable – no action required.**
Transfers and Servicing—Sales of Financial Assets	860-20	This amendment adds language from paragraph 16D of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, to	50-2A 55-41	**Staff recommends adoption with modification to SSAP No. 103R, as detailed above.**

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		clarify the disclosures that are required when other Topics require disclosures about the transferor's continuing involvement.		
Transfers and Servicing—Servicing Assets and Liabilities	860-50	This amendment includes guidance from paragraph .08(h) of *AICPA Statement of Position (SOP) 01-6, Accounting by Certain Entities (Including Entities with Trade Receivables) That Lend to or Finance the Activities of Others*, on the allocation of the carrying amount of loans that have been retained, which was omitted from the Accounting Standards Codification. This amendment also includes transactions in which a transferor transfers servicing rights and retains the loans to the scope in paragraph 860-50-15-3.	15-3 40-6	**Staff recommends adoption with modification to SSAP No. 103R, as detailed above.**
Activities—Oil and Gas—Inventory	932-330	This amendment clarifies that energy trading contracts are not derivatives in accordance with the guidance in Topic 815. The modifying portion of the original sentence did not have the correct placement.	35-1	**This update is not applicable – no action required.**
Financial Services—Broker and Dealers—Other Assets and Deferred Costs	940-340	This amendment removes the term 'ABC Agreement' from both the Master Glossary and within the Accounting Standards Codification as	25-2	Terminology correction is not necessary as the AP&P Manual does not utilize the Master Glossary or provide reference to 'ABC Agreements'

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		the New York Stock Exchange (NYSE) no longer sells seats on the exchange.		**This update is not applicable – no action required.**
Financial Services—Insurance—Separate Accounts	944-80	Separate accounts with guaranteed investment returns do not qualify for separate account accounting because they do not pass all investment performance on to the policyholder. Therefore, they must be included in the general account of the company and accounted for like other similar assets held by the company as prescribed in paragraph 944-80-25-4. This amendment corrects the reference in paragraph 944-80-35-1 to reflect that change.	35-1	**This update is not applicable – no action required.**
Financial Services—Investment Companies—Presentation of Financial Statements	946-205	This amendment adds a reference SEC Regulation S-X, Part 210, Rule 12-12 in the last sentence to footnote (a) in paragraph 946-205-45-1.	45-11	SEC guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Financial Services—Investment Companies—Balance Sheet	946-210	The amendment provides technical corrections to reflect changes made when investment companies guidance was codified from the AICPA Audit and Accounting Guide, Investment Companies (2008).	50-7 50-9 55-1	Investment company guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Health Care Entities—Income Statement	954-225	This amendment simplifies the Accounting Standards Codification by removing incomplete measurement	45-2 45-7	Amended GAAP guidance was later superseded by ASU 2017-19,

Ref #2023-18

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		guidance from paragraph 954-225-45-2 in the Other Presentation Matters Section and providing a reference to the complete measurement guidance. Additionally, amendment also includes a cross-reference to paragraph 220-10-45-10A, which lists some examples of items that are required to be reported in or reclassified from other comprehensive income.		which has already been addressed by the Working Group. **This update is not applicable – no action required.**
Health Care Entities—Consolidation	954-810	To aid the user in locating presentation and disclosure requirements for noncontrolling interests, this amendment adds FASB references to Sections 958-810-45 and 958-810-50 for other presentation matters and disclosure.	45-3B	**This update is not applicable – no action required.**
Not-for-Profit Entities—Presentation of Financial Statements	958-205	ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, added incorrectly the words "that contain no purpose restrictions" to paragraph 958-205-50-1B(e)(3). This amendment removes this phrase.	50-1B	**This update is not applicable – no action required.**
Not-for-Profit Entities—Revenue Recognition	958-605	This amendment adds language clarifying the scope of Subtopic 958-605 and provides a link to the Master Glossary term affiliate and corrects a minor wording error in a table.	15-13 55-8	**This update is not applicable – no action required.**

Ref #2023-18

Topic	**Codification**	**Abbreviated Summary of Change**	**Related Paragraphs**	**SAP Status/Recommendation**
Not-for-Profit Entities—Consolidation	958-810	This amendment adds disclosure and presentation clarifications for Not-For-Profit Entities.	45-1	**This update is not applicable – no action required.**
Plan Accounting—Health and Welfare Benefit Plans—Plan Benefit Obligations	965-30	This amendment clarifies that the subsequent events to be addressed in the rollforward of the benefits obligation valuation are those occurring between the most recent valuation date and the plan's year-end.	35-6	**Staff recommends adopting the clarification for *SSAP No. 92* and *SSAP No. 102* as detailed above.**

Ref #2023-19

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: ASU 2018-09, Codification Improvements

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: In July 2018, FASB issued *ASU 2018-09, Codification Improvements,* as part of a standing project on its agenda to address suggestions received from stakeholders on FASB Codifications and to make other incremental improvements to U.S. GAAP. This perpetual project facilitates FASB Codification updates for technical corrections, clarifications, and other minor improvements. The changes made by ASU 2018-09 included minor clarifications, corrections, addition of codification references, guidance relocations, and removal of redundant, outdated, or superseded guidance.

Existing Authoritative Literature:
The table starting on page two summarizes the updates in this ASU, as well as defines the recommended actions for statutory accounting.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):
None.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None.

Convergence with International Financial Reporting Standards (IFRS):
None.

Staff Recommendation:
NAIC staff recommends that the Working Group expose revisions to reject *ASU 2018-09 Codification Improvements* for statutory accounting on Appendix D as not applicable to statutory accounting.

Staff Review Completed by:
NAIC Staff – William Oden, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2018-09 Codification Improvements* as not applicable for statutory accounting.

On October 23, 2023, the Statutory Accounting Principles (E) Working Group adopted the exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject ASU 2018-09 as not applicable to statutory accounting.

Ref #2023-19

The last column lists the status of the GAAP source literature for statutory accounting and the recommended action.

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Reporting Comprehensive Income—Overall	220-10	This amendment clarifies the guidance in paragraph 220-10-45-10B by removing the generic phrase taxes not payable in cash, adds guidance that is specific to certain quasi reorganizations, and adds references to applicable guidance for each example that does not qualify as an item of comprehensive income.	45-10B	**This update is not applicable – no action required.**
Earnings Per Share—Overall	260-10	Correct reference to Earnings per Share example to specifically note that Example 6 illustrates the two-class method. Additional wording clarifications are made within Example 6 as well.	45-60B 55-62	**This update is not applicable – no action required.**
Investments—Debt and Equity Securities—Overall	320-10	These amendments simplify the Codification by removing redundant disclosure requirements in paragraphs 320-10-50-1A and 320-10-50-13. These amendments supersede paragraph 320-10-50-13 and add clarification to the disclosure requirements in paragraph 320-10-50-1A for summarized financial information.	50-1A 50-13	Summarized financial information in relation to debt and equity securities are not addressed within statutory accounting. **This update is not applicable – no action required.**

Ref #2023-19

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Debt—Modifications and Extinguishments	470-50	The amendment adds guidance to clarify that when the fair value option has been elected on debt that is extinguished, the net carrying amount of the extinguished debt equals its fair value at the reacquisition date. Additionally, the cumulative amounts of gains or losses in other comprehensive income that resulted from changes in instrument-specific credit risk must be included in the measurement of gain or loss presented in net income for the extinguished debt.	40-2A	*FAS 159, The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115* was rejected for statutory accounting purposes. As such no changes are recommended. **This update is not applicable – no action required.**
Distinguishing Liabilities from Equity—Overall	480-10	Eliminates guidance conflict between codification paragraph 25-15 and paragraphs 55-55 and 55-59.	55-55 55-59	*SSAP No. 104R–Share-Based Payments* does not contain the amended language. As such no changes are recommended. **This update is not applicable – no action required.**
Compensation—Stock Compensation—Income Taxes	718-740	The amendment clarifies that an entity should recognize excess tax benefits (or tax deficiencies) in the period when the amount of the tax deduction is determined, which typically is when an award is exercised, in the case of share options, or vests, in the case of nonvested stock awards.	35-2	The relevant language was also included in ASU 2018-07 and was previously adopted with Agenda Item 2018-35. As such, no changes to the relevant SSAPs are required, **This update is not applicable – no action required.**

Ref #2023-19

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
Other Expenses—Advertising Costs & Financial Services—Insurance—Acquisition Costs	720-35 944-30	The objective of this amendment is to align the scope of the guidance in 720-35 with the source guidance in SOP 93-7 by removing the references in the guidance and heading to 'direct response advertising'. The amendment also relocates and minorly amends the guidance in paragraph 720-35-15-5 about direct-response advertising costs to paragraph 944-30-25-1DD. Direct response advertising costs can only be capitalized for insurance contracts within the scope of Topic 944 in certain circumstances.	15-2 15-3 25-1A 25-1A 25-1DD	Direct-response advertising and related advertising specific guidance are not addressed within statutory accounting. **This update is not applicable – no action required.**
Income Taxes	740-10	This amendment makes corrections to Income Tax guidance on intra-entity transfers of inventory as the guidance in paragraph 25-55 contradicts paragraph 25-3(e). Additionally, a reference to intra-entity transfers was removed from example 26 as it describes a null set of transactions.	25-53 25-54 25-55 55-168 55-203 65-7	The ramification of intra-entity transfers of inventory on income tax is not addressed in statutory accounting. **This update is not applicable – no action required.**
Business Combinations—Income Taxes	805-740	The amendment updates paragraph 25-13 that provides three methods for allocating the consolidated tax provision to an acquired entity after acquisition as it is no longer consistent	25-13	The update is not applicable as GAAP guidance for business combinations has not yet been addressed for statutory accounting at this time, as such no changes are recommended.

Ref #2023-19

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		with the rest of Topic 740 after the issuance of EITF Issue No. 86-9.		**This update is not applicable – no action required.**
Derivatives and Hedging—Overall	815-10	The amendment supersedes paragraph 45-4 and amends paragraph 45-5, with a link to transition paragraph 105-10-65-5. This change was made as the guidance in paragraph 45-4 is potentially misleading because it can be interpreted as conflicting with the guidance in paragraph 45-5 and because it can be interpreted to mean that derivatives may only be offset when all four of the conditions in paragraph 210-20-45-1 are met.	45-4 45-5	*SSAP No. 86–Derivatives* does not include the superseded guidance. As such, no changes are recommended. **This update is not applicable – no action required.**
Derivatives and Hedging—Embedded Derivatives	815-15	The amendment clarifies a generic subtopic reference by replacing it with the actual FASB codification.	25-1	**This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	The amendment clarifies items (a) and (b) with FASB codification 820-10-35-16D were not intended to substantively change how GAAP is applied. However, it is possible that they may result in a change to existing practice for some entities; therefore, transition guidance has been provided.	35-16D	As the original guidance being clarified originates from *ASU 2011-04–Fair Value Measurement*, which has not yet been addressed for statutory accounting, no changes are recommended. **This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	When initially drafted ASU 2011-04 was intended to exclude nonfinancial derivatives from the portfolio exception. The amendments revise	35-18D thru 18L	As the original guidance being clarified originates from ASU 2011-04, which has not yet been

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		paragraphs 820-10-35-18D through 35-18F and 820-10-35- 18H through 35-18L to include not only financial assets and financial liabilities, but also portfolios of financial instruments and nonfinancial instruments accounted for as derivatives in accordance with Topic 815.		addressed for statutory accounting, no changes are recommended. **This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	This amendment replaces an indefinite deferral in transition paragraph 820-10-65-9 from *ASU 2013-09, Fair Value Measurement,* with a disclosure exemption in paragraph 820-10-50-2(bbb). Amendment also eliminates transition guidance in paragraph 65-9.	50-2 65-9	As the original guidance being clarified originates from ASU 2013-09, which has not yet been addressed for statutory accounting, no changes are recommended. **This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	This amendment changes the term 'build-up methodology' to build-up approach' for clarity. As indicated in the guidance, a build-up methodology is a subset of a valuation technique, whereas the build-up approach is a method of applying the discount rate adjustment technique.	55-11 55-33	Neither the build-up approach nor build-up method are contained addressed by statutory accounting. No changes are recommended. **This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	Due to an oversight, when *ASU 2016-01–Financial Instruments* amended Topic 825, a corresponding amendment was not made to Topic 820 superseding the requirement to disclose information on the methods and	50-2E 65-4	The amendment corrects changes made by *ASU 2016-01–Financial Instruments*, which was rejected for statutory accounting.

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		assumptions used to measure fair value for those financial Instruments. This amendment conforms the requirements in Topic 820 with the amendments made to Topic 825 so that the disclosure information is not required, which is consistent with the Board's intent in the amendments in Update 2016-01.		**This update is not applicable – no action required.**
Fair Value Measurement—Overall	820-10	This amendment corrects the dates used in Examples 9 to properly conform to the guidance provided in 820-10-50-2.	55-100	The amended example is not included in statutory accounting guidance. No changes are recommended. **This update is not applicable – no action required.**
Financial Services—Depository and Lending—Balance Sheet	942-210	This amendment simplifies the Codification by removing the paraphrased guidance from paragraph 942-210-45-3 so that the industry Topic guidance refers to the full guidance in Section 210-20-45.	45-3	Financial Services guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Financial Services—Depository and Lending—Equity	942-505	This amendment clarifies the requirements for disclosing information on regulatory capital for depository institutions. The amendment is necessary because of recent changes in the measures of regulatory capital in Basel III, with	50-1	Financial Services guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**

Ref #2023-19

Topic	Codification	Abbreviated Summary of Change	Related Paragraphs	SAP Status/Recommendation
		which depository institutions must comply (for example, the newly defined measure of Common Equity Tier 1).		
Financial Services—Insurance—Acquisition Costs	944-30	This amendment restores guidance about an accounting policy election to paragraph 944-30-25-1A that was originally included in the transition guidance in ASU 2010-26. This election was automatically removed with the transition guidance as the effective date had been met for all entities, however it was noted that this election should be maintained in the guidance for historical purposes to ensure the appropriateness of the election was not called into question at a future date.	25-1A	Financial Services guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Financial Services—Insurance—Receivables & Property, Plant, and Equipment	944-310 944-360	This amendment includes a correct to these paragraphs as the original references should have been superseded with the adoption of ASU 2016-01and replaced with references to transition guidance.	45-1 45-2 50-1 45-3 45-4 50-1	Financial Services guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Financial Services—Insurance—Property, Plant, and Equipment	944-360	This amendment adds references to the applicable guidance for determining the subsequent measurement of real estate acquired by insurance companies in settling certain claims.	35-1	Financial Services guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**

Ref #2023-19

Topic	**Codification**	**Abbreviated Summary of Change**	**Related Paragraphs**	**SAP Status/Recommendation**
Not-for-Profit Entities—Other Expenses	958-720	This amendment improves the description of the items in paragraph 958-720-45-15 that would be considered gains and losses for a not-for-profit entity. This amendment also changes the term for-profit entity to the term business entity in Subtopic 958-720.	45-15	Not-for-profit guidance is not applicable for statutory accounting. **This update is not applicable – no action required.**
Plan Accounting—Defined Contribution Pension Plans—Presentation of Financial Statements & Property, Plant, and Equipment	962-205 962-360	To make the Topic structure consistent with related Topics and the guidance easier to find, this amendment moves the property, plant, and equipment guidance in 962-205 to Subtopic 962-360.	45-5 35-1	**This update is not applicable – no action required.**
Plan Accounting—Defined Contribution Pension Plans—Investments—Other	962-325	This amendment removes the stable value common collective trust fund from the illustrative example in paragraph 962-325-55-17 to avoid the interpretation that such an investment would not have a readily determinable fair value and should always use the net asset value per share practical expedient.	55-17	The amended example is not included in *SSAP No. 102–Pensions*. **This update is not applicable – no action required.**

Ref #2023-20

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: ASU 2020-10, Codification Improvements

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: In October 2020, FASB issued *ASU 2020-10 Codification Improvements,* that improve the consistency of the Codification by ensuring that all guidance that requires or provides an option for an entity to provide information in the notes to financial statements is codified in the Disclosure Section of the Codification. The changes made by the ASU either move disclosure guidance to the Disclosure Section of the codification or add codification references to direct readers to the disclosure section, and this ASU does not provide any relevant new guidance.

Existing Authoritative Literature:
All changes detailed in ASU 2020-10 were either editorial changes that have no bearing on the presentation of the *Accounting Practices and Procedures Manual* or minor wording changes to guidance that has not been adopted for statutory accounting.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):
None.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None.

Convergence with International Financial Reporting Standards (IFRS):
None.

Staff Recommendation:
NAIC staff recommends that the Working Group expose revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2020-10, Codification Improvements* as not applicable to statutory accounting.

Staff Review Completed by:
NAIC Staff – William Oden, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2020-10, Codification Improvements* as not applicable for statutory accounting.

On October 23, 2023, the Statutory Accounting Principles (E) Working Group adopted the revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject ASU 2020-10 as not applicable to statutory accounting.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneC4-23-20-ASU 2020-10-Codification Improvements.docx

Ref #2023-21

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Removal of Transition Guidance from SSAP No. 92 and SSAP No. 102

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
On December 18, 2012, the Statutory Accounting Principles (E) Working Group adopted *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*, which replaced *SSAP No. 14—Postretirement Benefits Other Than Pensions* and *SSAP No. 89—Pensions*. The adopted SSAPs included transition guidance that expired after 10 years. This agenda item intends to remove the unneeded transition guidance from SSAP No. 92 and SSAP No. 102.

Existing Authoritative Literature:
The current guidance is in *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*, and the transition guidance recommended for deletion is included in the Staff Recommendation section.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS):

Staff Recommendation:
NAIC staff recommends that the Working Group expose revisions to *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions* to remove the transition guidance that was included in the initial adoption of SSAP No. 92 and SSAP No. 102, as it is past the ten-year effective period for that transition.

SSAP No. 92—Postretirement Benefits Other Than Pensions

~~107. Gains or losses, prior service costs or credits (including prior service costs for non-vested participants pursuant to paragraph 37), and remaining transition assets or obligations (collectively referred to as "unrecognized items") from prior application of SSAP No. 14 that have not yet been included in net periodic benefit cost as of December 31, 2012 shall be recognized as components of the ending balance of unassigned funds (surplus), net of tax, as of January 1, 2013 (provided that alternative transition is not elected per paragraph 108.b.). The offset to unassigned funds is reported separately as an "Aggregate Write-In for Other Than Invested Assets" or as an "Aggregate Write-In for Other Liabilities." After recognition, the full unfunded or overfunded status or the plan shall be reflected within the financial statements. Any prepaid asset resulting from an overfunded plan shall be nonadmitted.~~

Ref #2023-21

~~108. Due to the potential impact to surplus as a result of immediately applying the accounting guidance in paragraph 107, reporting entities may elect one of the following two methods, on an individual plan basis, to recognize the transition surplus impact:~~

- ~~a. Reporting entities may elect to recognize the entire transition surplus impact calculated from applying paragraph 107, on an individual plan basis, as of January 1, 2013.~~

- ~~b. Alternatively, reporting entities may elect to recognize the entire surplus impact from applying paragraph 07, on an individual plan basis, over a period not to exceed ten (10) years. The surplus impact initially recognized as of January 1, 2013, under this transition option, and subsequently over the transition period, shall be the greater of:~~

  - ~~i. Ten percent of the calculated surplus impact as of the transition date; and~~

  - ~~ii. Amortization of the "unrecognized items" (defined in paragraph 107) into net periodic benefit cost, including any accelerated amortization of these items from curtailments or settlements that occur after the transition date. (If the amortization cannot be determined at transition, at a minimum, the amount amortized for "unrecognized items" during the prior year shall be utilized for this component of the calculation. If the amount recognized for transition (greater of both components in paragraph 108.b.) is subsequently determined to be less than what is amortized for the year (paragraph 108.b.ii.), the difference between what was recognized for transition, and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds – surplus.)~~

~~109. If the surplus deferral (paragraph 108.b.) is elected at the transition date, subsequently, starting with the 2014 year-end financial statement, the reporting entity shall annually recognize the remaining surplus impact (collectively referred to as the "transition liability") on a systematic basis over a period not to exceed nine years. The minimum amount recognized each subsequent year shall be an amount that reflects the conditions within paragraph 108.b. Reporting entities that elect the transition option in paragraph 108.b. are permitted to recognize the remaining transition liability, or an amount in excess of the minimum requirement, at any time after the transition date.~~

~~110. Reporting entities that elect the transition option in paragraph 108.b. must recognize any remaining transition liability to the extent that the plan reflects a prepaid benefit cost. (For example, if changes in circumstances have resulted with the plan reflecting an overfunded status, the remaining transition liability must be recognized to the extent that the plan is overfunded.) The transition guidance in paragraph 108.b. is not intended (on a net basis for each plan) to result in more favorable subsequent surplus OPEB positions when there are remaining unrecognized liabilities as a result of the reporting entity's initial election for surplus deferral. Therefore, if there is a plan curtailment, settlement, or other plan amendment resulting in a reduction of benefit obligations, or net benefit obligation gains due to revisions in assumptions (e.g., discount rates) or plan experience differing from assumptions, or plan asset gains due to the actual return on plan assets exceeding the expected return on plan assets, a corresponding amount of unrecognized liability from the surplus deferral shall be recognized. For this purpose, net gains, if any, are the net aggregation of all gains and losses (excluding plan amendments that increase benefit obligations) from factors such as those listed above, determined as of a measurement or remeasurement date. This shall occur regardless if the impact from the change results with the plan being in an overfunded state, or whether the gain is recognized in earnings. The transition guidance was to provide surplus relief from the immediate surplus impact from adopting this statement, but in no instance should changes (on a net basis for each plan) attributed to OPEB plans result in more favorable, subsequent surplus positions when there are unrecognized liabilities remaining as a result of the reporting entity's initial election for surplus deferral. (The guidance in this paragraph~~

~~was originally contained within INT 13-03: Clarification of Surplus Deferral in SSAP No. 92 & SSAP No. 102 and was effective December 15, 2013.)~~

~~111. The transition guidance in paragraphs 107-110 is specific to the transition surplus impact from initially applying this statement on January 1, 2013. Thus, this transition guidance does not apply to additional liability calculated from subsequent comparison of the fair value of plan assets to the accumulated benefit obligation, or the impact of subsequent plan amendments.~~

~~112. Reporting entities electing to apply the transition guidance in paragraph 108.b. must disclose the full transition surplus impact calculated from applying paragraph 107 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 paragraph 107 and the annual amortization amount of the "unrecognized items" into net periodic benefit cost. This disclosure shall include a schedule of the entity's anticipated recognition of the remaining surplus impact over the transition period.~~

~~113. The requirement to measure plan assets and benefit obligations as of the date of the reporting entity's financial statement year-end is effective for financial statement years beginning January 1, 2014. (The measurement date change will be initially reflected in the December 31, 2014, financial statements.)~~

~~114. In order to transition to a fiscal year-end measurement date, the reporting entity shall remeasure plan assets and benefit obligations as of the beginning of the fiscal year that the measurement date provisions are applied. The reporting entity shall use those new measurements to determine the effects of the measurement date change as of the beginning of the fiscal year that the measurement date provisions are applied.~~

~~115. The reporting entity shall measure plan assets and benefit obligations as of the beginning of the fiscal year that the measurement date provisions are applied. This would result with the following:~~

~~a. Net periodic benefit cost for the period between the measurement date that is used for the immediately preceding fiscal year-end and the beginning of the fiscal year that the measurement date provisions are applied, exclusive of any curtailment or settlement gain or loss, shall be recognized, net of tax, as a separate adjustment of the opening balance of unassigned funds (surplus). That is, the pretax amount recognized as an adjustment to unassigned funds (surplus) is the net periodic benefit cost that without a change in measurement date otherwise would have been recognized on a delayed basis during the first interim period for the fiscal year that the measurement date provisions are applied.~~

~~b. Any gain or loss arising from a curtailment or settlement between the measurement date that is used for the immediately preceding fiscal year-end and the beginning of the fiscal year that the measurement date provisions are applied shall be recognized in earnings in that period and not as an adjustment to unassigned funds (surplus). This provision prohibits a reporting entity from early application of the measurement date provisions when the reporting entity has issued financial statements for the prior year without recognition of such a settlement or curtailment.~~

~~c. Other changes in the fair value of plan assets and the benefit obligations (for example, gains or losses) for the period between the measurement date that is used for the immediately preceding fiscal year-end and the beginning of the fiscal year that the measurement date provisions are applied shall be recognized, net of tax, as a separate adjustment of the opening balance of unassigned funds (surplus) for the fiscal year that the measurement date provisions are applied.~~

~~116. Earlier application of the recognition or measurement date provisions is encouraged, however, early applications must be for all of the reporting entity's benefit plans. If early application is elected, the transition date~~

~~shall reflect the January 1st of the year in which this standard is initially applied. Retrospective application is not permitted.~~

SSAP No. 102—Pensions

~~92. Gains or losses, prior service costs or credits (including prior service costs for non-vested participants pursuant to paragraph 11), and remaining transition assets or obligations from prior application of SSAP No. 89 (collectively referred to as "unrecognized items") that have not yet been included in net periodic benefit cost as of December 31, 2012 shall be recognized as components of the balance of unassigned funds (surplus), net of tax, as of January 1, 2013 (provided that alternative transition is not elected per paragraph 93.b.). The offset to unassigned funds is reported separately as an "Aggregate Write-In for Other-Than-Invested Assets" or as an "Aggregate Write-In for Other Liabilities." After recognition, the full unfunded or overfunded status of the plan shall be reflected within the financial statements. Any prepaid asset resulting from an overfunded plan shall be nonadmitted.~~

~~93. Due to the potential impact to surplus as a result of immediately applying the accounting guidance in paragraph 92, reporting entities may elect one of the following two methods, on an individual plan basis, to recognize the transition surplus impact:~~

- ~~a. Reporting entities may elect to recognize the entire transition surplus impact calculated from applying paragraph 92, on an individual plan basis, as of January 1, 2013.~~

- ~~b. Alternatively, reporting entities may elect to recognize the entire surplus impact from applying paragraph 92, on an individual plan basis, over a period not to exceed ten (10) years. The surplus impact initially recognized as of January 1, 2013, under this transition option, and subsequently over the transition period, shall be the greater of:~~

  - ~~i. Ten percent of the calculated surplus impact as of the transition date;~~

  - ~~ii. Amortization of the "unrecognized items" (defined in paragraph 92) into net periodic pension cost, including any accelerated amortization of these items from curtailments or settlements that occur after the transition date. (If the amortization cannot be determined at transition, at a minimum, the amount amortized for "unrecognized items" during the prior year shall be utilized for this component of the calculation. If the amount recognized for transition (greater of all three components in paragraph 93.b.) is subsequently determined to be less than what is amortized for the year (paragraph 93.b.ii.), the difference between what was recognized for transition, and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds (surplus);~~

  - ~~iii. Amount necessary to establish a total liability that is equal to any unfunded accumulated benefit obligation (the accumulated benefit obligation less the fair value of plan assets).~~

~~94. If the surplus deferral (paragraph 93.b.) is elected at the transition date, subsequently, starting with the 2014 year-end financial statement, the reporting entity shall annually recognize the remaining surplus impact (collectively referred to as the "transition liability") on a systematic basis over a period not to exceed nine years. The minimum amount recognized each subsequent year shall be an amount that reflects the conditions within paragraph 93.b. Reporting entities that elect the transition option in paragraph 93.b. are permitted to recognize the remaining transition liability, or an amount in excess of the minimum requirement, at any time after the transition date.~~

~~95. Reporting entities that elect the transition option in paragraph 93.b. must recognize any remaining transition liability to the extent that the plan reflects a prepaid benefit cost. (For example, if changes in circumstances have~~

~~resulted with the plan reflecting an overfunded status, the remaining transition liability must be recognized to the extent that the plan is overfunded.) The transition guidance in paragraph 93.b. is not intended (on a net basis for each plan) to result in more favorable, subsequent surplus pension positions when there are remaining unrecognized liabilities as a result of the reporting entity's initial election for surplus deferral. Therefore, if there is a plan curtailment, settlement, or other plan amendment resulting in a reduction of benefit obligations, or net benefit obligation gains due to revisions in assumptions (e.g., discount rates) or plan experience differing from assumptions, or plan asset gains due to the actual return on plan assets exceeding the expected return on plan assets, a corresponding amount of unrecognized liability from the surplus deferral shall be recognized. For this purpose, net gains, if any, are the net aggregation of all gains and losses (excluding plan amendments that increase benefit obligations) from factors such as those listed above, determined as of a measurement or remeasurement date. This shall occur regardless if the impact from the change results with the plan being in an overfunded state, or whether the gain is recognized in earnings. The transition guidance was to provide surplus relief from the immediate surplus impact from adopting SSAP No. 102, but in no instance should changes (on a net basis for each plan) attributed to pension plans result in more favorable, subsequent surplus positions when there are unrecognized liabilities remaining as a result of the reporting entity's initial election for surplus deferral. The guidance in this paragraph was originally contained within INT 13-03: Clarification of Surplus Deferral in SSAP No. 92 & SSAP No. 102 and was effective December 15, 2013.~~

~~96. The transition guidance in paragraphs 92-95 is specific to the transition surplus impact from initially applying this statement on January 1, 2013. Thus, this transition guidance does not apply to additional liability calculated from subsequent comparison of the fair value of plan assets to the projected benefit obligation, or the impact of subsequent plan amendments.~~

~~97. Reporting entities electing to apply the transition guidance in paragraph 93.b. must disclose the full transition surplus impact calculated from applying paragraph 92 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 paragraph 92, the annual amortization amount of the "unrecognized items" into net periodic pension cost, the amount of the unfunded accumulated benefit obligation, and the remaining unrecognized transition impact. This disclosure shall include a schedule of the entity's anticipated recognition of the remaining surplus impact over the transition period.~~

~~EXHIBIT A - IMPLEMENTATION GUIDE~~

~~Note: After transition, new "unrecognized" amounts will be reflected in the year-end funded status, but not yet reflected in unassigned funds. Therefore, additional entries will be needed at the end of each year to recognize these new "unrecognized" amounts in unassigned funds. (An example includes gains and losses that will be included in unassigned funds (surplus), but not recognized in net periodic pension cost if they do not exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets.) The entries in the implementation guide focus on the transition impact, and subsequent entries for "unrecognized" items have not been included within the illustrations.~~

~~Transition Implementation~~

~~1. Overfunded Plan with Prepaid Benefit Cost~~

~~Consideration of contributions or tax effects are not reflected in this example.~~

~~**Example 1**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(6,240)~~	~~$(6,240)~~
~~Plus: Non-Vested Liability~~	~~(100)*~~	~~(100)~~

~~Total Accumulated Benefit Obligation~~	~~$(6,340)~~	~~$(6,340)~~
~~Projected Benefit Obligation~~	~~$(6,437)~~	~~$(6,437)~~
~~Plus: Non-Vested Liability~~	~~(100)~~	~~(100)~~
~~Total PBO~~	~~$(6,537)~~	~~$(6,537)~~
~~Plan Assets at Fair Value~~	~~$9,268~~	~~$9,268~~
~~Funded Status~~	~~$2,731~~	~~$2,731~~
~~Transition Obligation / (Asset)~~	~~$36~~	
~~Prior Service Cost~~	~~214~~	
~~Prior Service Cost (Non-Vested)~~	~~100~~	
~~Unrecognized Losses / (Gains)~~	~~2,465~~	
~~Total Unrecognized Items~~	~~$2,815~~	–
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~$5,546~~	~~$2,731~~

~~*The amount shown for December 31, 2012 reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

~~Overfunded Plan Asset and Liability for Benefits are terms to reflect the overfunded and unfunded status of the plan. For the amounts shown as of December 31, 2012, immediately prior to the effective date of the new standard, these terms reflect the balance sheet position. As overfunded plan assets are not admitted, these prepaids shall be reflected within Aggregate Write-Ins for Other-Than-Invested Assets. Transition liabilities recognized that have not been reflected through expense shall be reflected within Aggregate Write-Ins for Liabilities.~~

~~1a. January 1, 2013 – Transition Date - Recognize "Unrecognized Items"~~

~~1. Unassigned Funds – Transition Obligation 36~~
~~Unassigned Funds – Prior Service Cost 214~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 100~~
~~Unassigned Funds – Unrecognized Losses 2,465~~
~~Overfunded Plan Asset 2,815~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~

~~*For this plan, which is overfunded by more than the unrecognized liabilities, the entry at transition will be netted against the existing prepaid with an offset to unassigned funds.*~~

~~2. Change in Nonadmitted – Overfunded Plan Asset 2,815~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~
~~Unassigned Funds 2,815~~

~~*This entry illustrates the impact to the "change in nonadmitted" as a result of the decline in overfunded plan assets. For this particular example, with the transition entry to unassigned funds and the impact to nonadmitted assets, there is no surplus impact at transition.*~~

~~1b. December 31, 2013 – Recognition of Periodic Pension Cost~~

Ref #2023-21

~~After transition, recognition of net periodic pension cost includes: 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of prior service cost included in unassigned funds, 5) amortization of gains and losses, and 6) amortization of any transition asset or obligation remaining in unassigned funds.~~

~~*(Per paragraph 93, if surplus deferral is elected at transition, beginning with 2014 annual financials, the entity shall recognize the remaining surplus impact on a systematic basis over a period not to exceed the remaining nine years. As, this illustration is in an overfunded status, there is no surplus deferral. Recognition of net periodic cost, including amortization of the "unrecognized items" will occur each year regardless if surplus deferral is elected.)*~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2013**~~
~~Service Cost~~	~~550~~
~~Interest Cost~~	~~150~~
~~Expected Return on Plan Assets~~	~~(250)~~
~~*Total*~~	~~*450*~~
~~Amortization of:~~	
~~o Transition Obligation~~	~~7.2~~
~~o Prior Service Cost~~	~~42.8~~
~~o Prior Service Cost (nonvested)~~	~~20~~
~~o Unrecognized Losses~~	~~493~~
~~*Total*~~	~~*563*~~
~~**Total Net Periodic Pension Cost**~~	~~**1,013**~~

~~1. Net Periodic Pension Cost 1,013~~
~~Prepaid Benefit Cost 1,013~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~

~~*This entry recognizes the periodic pension cost with an offset to the prepaid pension asset. (A prepaid benefit cost is created when cumulative contributions to a pension plan exceed cumulative net periodic pension costs. Thus, a prepaid benefit cost can only be reduced through the recognition of pension cost.)*~~

~~2. Overfunded Plan Asset 563~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~
~~Unassigned Funds – Transition Obligation 7.2~~
~~Unassigned Funds – Prior Service Cost 42.8~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 20~~
~~Unassigned Funds – Unrecognized Losses 493~~

~~*This entry recognizes the transition amounts amortized through net periodic pension cost. The offset is to unassigned funds (as unassigned funds was used for the initial recognition of the unrecognized items). As this plan continues to be overfunded, these amounts are offset to overfunded plan assets.*~~

~~3. Change in Nonadmitted - Prepaid Benefit Cost 1,013~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~
~~Unassigned Funds 1,013~~

~~*This entry illustrates the impact of the change in nonadmitted prepaid benefit cost to unassigned funds.*~~

~~4. Unassigned Funds 563~~

~~Change in Nonadmitted – Overfunded Plan Asset 563~~
~~*(Aggregate Write-Ins for Other-Than-Invested Assets)*~~

~~*This entry illustrates the impact of the change in nonadmitted overfunded plan asset to unassigned funds.*~~

~~1c. December 31, 2014 – Recognition of Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~2500~~
~~Interest Cost~~	~~1000~~
~~Expected Return on Plan Assets~~	~~(500)~~
~~*Total*~~	~~*3000*~~
~~Amortization of:~~	
~~o Transition Obligation~~	~~7.2~~
~~o Prior Service Cost~~	~~42.8~~
~~o Prior Service Cost (nonvested)~~	~~20~~
~~o Unrecognized Losses~~	~~493~~
~~*Total*~~	~~*563*~~
~~**Total Net Periodic Pension Cost**~~	~~**3,563**~~

~~*Note – This example was purposely completed to show a significant amount of periodic pension cost to create an underfunded plan status. This was done strictly for illustration purposes and is not intended to indicate that such significant changes would be expected, although they could occur.*~~

~~1. Net Periodic Pension Cost 3,563~~
~~Prepaid Benefit Cost 3,563~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~2. Overfunded Plan Asset 1,282~~
~~Unassigned Funds – Transition Obligation 7.2~~
~~Unassigned Funds – Prior Service Cost 42.8~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 20~~
~~Unassigned Funds – Unrecognized Losses 493~~
~~Liability for Pension Benefits 719~~
~~*(Aggregate Write-In for Other Liabilities)*~~

~~*This entry recognizes the transition amounts that have been recognized through net periodic pension cost, with an offset to unassigned funds. The overfunded plan asset is initially offset, until the plan reaches an unfunded status, which is then reflected through a liability for pension benefits (aggregate write-in for other liabilities).*~~

~~3. Change in Nonadmitted - Prepaid Benefit Cost 3,563~~
~~Unassigned Funds 3,563~~

~~4. Unassigned Funds 1,282~~
~~Change in Nonadmitted - Overfunded Plan Asset 1,282~~

~~*These entries illustrate the impact of the change in nonadmitted to unassigned funds.*~~

Ref #2023-21

~~**Illustration 1 – Example Paragraph 97 Note Disclosure:**~~

~~SSAP No. 102 became effective January 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. Such liability is required to be reported in the first quarter statutory financial statement after the transition date with a corresponding entry to unassigned funds. The adoption of SSAP No. 102 did not have a surplus impact on ABC entity as the pension plan was overfunded by more than the transition liabilities. At transition, ABC entity recognized $2,815 in unrecognized transition obligations, prior service costs, and unrecognized losses as components of the ending balance of unassigned funds as of January 1, 2013. This recognition resulted in a financial presentation which reflects the actual $2,731 overfunded status of the plan (fair value of plan assets exceeds the projected benefit obligation) as of January 1, 2013. As required under SSAP No. 102, overfunded plan assets are nonadmitted.~~

~~***For purposes of this example, tax effects are not reflected. However, the amount recognized at transition as components of the unassigned funds shall be net of tax.*~~

~~The following provides the status of the pension plan as of December 31, 2012, and the transition date (January 1, 2013):~~

~~**Example 1**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(6,240)~~	~~$(6,240)~~
~~Plus: Non-Vested Liability~~	~~(100)~~	~~(100)~~
~~Total Accumulated Benefit Obligation~~	~~$(6,340)~~	~~$(6,340)~~
~~Projected Benefit Obligation~~	~~$(6,437)~~	~~$(6,437)~~
~~Plus: Non-Vested liability~~	~~(100)~~	~~(100)~~
~~Total PBO~~	~~$(6,537)~~	~~$(6,537)~~
~~Plan Assets at Fair Value~~	~~$9,268~~	~~$9,268~~
~~Funded Status~~	~~$2,731~~	~~$2,731~~
~~Transition Obligation / (Asset)~~	~~$36~~	
~~Prior Service Cost~~	~~214~~	
~~Prior Service Cost (Non-Vested)~~	~~100~~	
~~Unrecognized Losses / (Gains)~~	~~2,465~~	
~~Total Unrecognized Items~~	~~$2,815~~	–
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~$5,546~~	~~$2,731~~

~~In the March 31, 2013, financial statements, the $2,731 overfunded plan assets was reflected as follows:~~

- ~~Prepaid Benefit Cost $5,546 (nonadmitted)~~
- ~~Overfunded Plan Asset $(2,815) (nonadmitted)~~

~~These amounts are reported net in Aggregate Write-Ins for Other-Than-Invested Assets: $2,731~~

Ref #2023-21

~~Illustration of Example 1 – Overfunded Plan with Prepaid Benefit Cost~~

	~~Aggregate Write-In for Other-Than-Invested Assets~~		~~Nonadmitted Assets~~	~~Unassigned Funds~~	~~Periodic Pension Cost~~	~~Aggregate Write-In for Other Liabilities~~
	~~Prepaid Benefit Cost~~	~~Overfunded Plan Asset~~				
~~Existing Balances 12/31/2012~~	~~5,546DR~~		~~5,546CR~~			
~~Transition Entries – 1/1/2013~~						
~~A~~ ~~B~~		~~2,815CR~~	~~2,815DR~~	~~2,815DR~~ ~~2,815CR~~		
~~**After Transition**~~	~~**5,546DR**~~	~~**2,815CR**~~	~~**2,731CR**~~	–		
~~**After Transition - Net**~~	~~**2,731DR**~~		~~**2,731CR**~~	–		
~~A – Recognize "unrecognized items" existing at 1/1/13 transition date (gains or losses, prior service costs or credits, and transition assets or obligations). For this plan, which is overfunded by more than the unrecognized liabilities, the entry at transition will be netted against the existing overfunded plan asset with an offset to unassigned funds.~~ ~~B – Illustrates the impact to the "change in nonadmitted" as a result of the decline in overfunded plan assets. For this particular example, with the transition entry to unassigned funds and the impact to nonadmitted assets, there is no surplus impact at transition. At transition, the net balance in aggregate write-ins reflects the overfunded state of the plan.~~						
~~**Recognition of Net Periodic Pension Cost – 12/31/2013**~~						
~~C~~ ~~D~~ ~~E~~ ~~F~~	~~1,013CR~~	~~563DR~~	~~1,013DR~~ ~~563CR~~	~~563CR~~ ~~1,013CR~~ ~~563DR~~	~~1,013DR~~	~~———~~
~~Net Impact~~	~~450CR~~		~~450DR~~	~~1,013CR~~	~~1,013DR~~	
~~**Ending Balances**~~	~~**4,533 DR**~~	~~**2,252CR**~~	~~**2,281CR**~~	~~**1,013CR**~~	~~**1,013DR**~~	
~~**Ending Balances-Net**~~	~~**2,281DR**~~		~~**2,281CR**~~	**–**		
~~C – Reflects the periodic pension cost with an offset to the prepaid pension asset.~~ ~~D – Recognizes the transition amounts amortized through net periodic pension cost. The offset it to unassigned funds (as that was how the "unrecognized items" were recognized at transition).~~ ~~E/F – Reflects the change in nonadmitted assets to unassigned funds.~~						
~~**Recognition of Net Periodic Pension Cost – 12/31/2014**~~						
~~G~~ ~~H~~ ~~I~~ ~~J~~	~~3,563CR~~	~~1,282DR~~	~~3,563DR~~ ~~1,282CR~~	~~563CR~~ ~~3,563CR~~ ~~1,282DR~~	~~3,563DR~~	~~719CR~~
~~Net Impact~~		~~2,281CR~~	~~2,281DR~~	~~2,844CR~~	~~3,563DR~~	~~719CR~~
~~**Ending Balances**~~	~~**970 DR**~~	~~**970 CR**~~	–	~~**2,844CR**~~	~~**3,563DR**~~	
~~**Ending Balances - Net**~~	–		–	~~**719DR**~~		~~**719CR**~~
~~G/H – Reflects the periodic pension cost with an offset to the prepaid pension asset. As no contributions have been made, the 2014 pension cost moves the plan from an overfunded to underfunded state. The overfunded plan asset credit is reduced to equally offset the remaining prepaid benefit cost of $970. The underfunded status is then reflected through a liability for pension benefits (aggregate write-in for other liabilities).~~ ~~I/J – Reflects the change in nonadmitted assets to unassigned funds.~~						

~~2. Underfunded Plan with Accrued Benefit Cost~~

~~Consideration of contributions or tax effects are not reflected in this example.~~

~~**Example 2**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(2,015)~~	~~$(2,015)~~
~~Plus: Non-Vested Liability~~	~~(60)*~~	~~(60)~~
~~Total Accumulated Benefit Obligation~~	~~$(2,075)~~	~~$(2,075)~~
~~Projected Benefit Obligation~~	~~$(2,268)~~	~~$(2,268)~~
~~Plus: Non-Vested Liability~~	~~(60)~~	~~(60)~~
~~Total PBO~~	~~$(2,328)~~	~~$(2,328)~~
~~Plan Assets at Fair Value~~	~~$1,992~~	~~$1,992~~
~~Funded Status~~	~~$(336)~~	~~$(336)~~
~~Transition Obligation / (Asset)~~	~~$(544)~~	
~~Prior Service Cost / (Credit)~~	~~(494)~~	
~~Prior Service Cost (Non-Vested)~~	~~60~~	
~~Unrecognized Losses / (Gains)~~	~~926~~	
~~Total Unrecognized Items~~	~~$(52)~~	–
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~$(388)~~	~~$(336)~~

~~*The amount shown for December 31, 2012, reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

~~Overfunded Plan Asset and Liability for Benefits are terms to reflect the overfunded and underfunded status of the plan. For the amounts shown as of December 31, 2012, immediately prior to the effective date of the new standard, these terms reflect the balance sheet position. As overfunded plan assets are not admitted, these prepaids shall be reported within Aggregate Write-Ins for Other-Than-Invested Assets. Transition liabilities recognized that have not been reflected through expense shall be reported within Aggregate Write-Ins for Liabilities.~~

~~2a. January 1, 2013 – Transition Date - Recognize "Unrecognized Items"~~

~~1. Liability for Pension Benefits~~	~~52~~	
~~(Aggregate Write-In for Liabilities)~~		
~~Unassigned Funds – Prior Service Cost (Nonvested)~~	~~60~~	
~~Unassigned Funds – Unrecognized Losses~~	~~926~~	
~~Unassigned Funds – Transition Asset~~		~~544~~
~~Unassigned Funds – Prior Service Credit~~		~~494~~

~~For this plan, which is underfunded but has a net unrecognized asset, at transition the entity will improve their surplus presentation by $52 through a contra-liability. Use of the contra-liability is necessary, as if the item were recorded as an asset, it would be nonadmitted and result in a surplus reduction. Although there is a net unrecognized asset, this plan is in an underfunded state.~~

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~~2b. December 31, 2013 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2012**~~
~~Service Cost~~	~~250~~
~~Interest Cost~~	~~100~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~*Total*~~	~~*300*~~
~~Amortization of:~~	
~~o Transition Obligation (Asset)~~	~~(272)~~
~~o Prior Service Cost / (Credit)~~	~~(247)~~
~~o Prior Service Cost (nonvested)~~	~~30~~
~~o Unrecognized Losses~~	~~463~~
~~*Total*~~	~~*(26)*~~
~~**Total Net Periodic Pension Cost**~~	~~**274**~~

~~1. Unassigned Funds – Transition Asset 272~~
~~Unassigned Funds – Prior Service Credit 247~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 30~~
~~Unassigned Funds – Unrecognized Losses 463~~
~~Liability for Pension Benefits 26~~
~~*(Aggregate Write-In for Liabilities)*~~

~~*This entry occurs to amortize the transition items. Due to the nature of the unrecognized items (net asset recorded as a contra-liability), this entry reverses the original entry to remove the portion that will be amortized into periodic pension cost for the current period.*~~

~~2. Net Periodic Pension Cost 274~~
~~Accrued Benefit Cost 274~~

~~*This entry recognizes the net periodic pension cost for the service cost, interest cost, expected return on plan assets and the amortization of the unrecognized items.*~~

~~Note: All references to "accrued benefit cost" represent an unpaid expense liability, these amounts wills be reflected within general expenses due and accrued (life) or LAE/Other Underwriting expenses (p/c).~~

~~Note: This example uses a 2-year amortization period of the "unrecognized items." In actuality, amortization periods of each item will vary. Disclosures shall continue to separately present these items.~~

~~2c. December 31, 2014 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~2500~~
~~Interest Cost~~	~~1000~~
~~Expected Return on Plan Assets~~	~~(500)~~
~~*Total*~~	~~*3,000*~~
~~Amortization of:~~	
~~o Transition Obligation / (Asset)~~	~~(272)~~
~~o Prior Service Cost / (Credit)~~	~~(247)~~
~~o Prior Service Cost (nonvested)~~	~~30~~
~~o Unrecognized Losses~~	~~463~~

~~*Total*~~	~~*(26)*~~
~~**Total Net Periodic Pension Cost**~~	~~**2,974**~~

~~1. Unassigned Funds – Transition Asset 272~~
~~Unassigned Funds – Prior Service Credit 247~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 30~~
~~Unassigned Funds – Unrecognized Losses 463~~
~~Liability for Pension Benefits 26~~
~~*(Aggregate Write-In for Liabilities)*~~

~~*This entry occurs to amortize the transition items. Due to the nature of the unrecognized items (net asset – recorded as a contra-liability), this entry reverses the original entry to remove the portion that will be amortized into periodic pension cost for the current period.*~~

~~2. Net Periodic Pension Cost 2,974~~
~~Accrued Benefit Cost 2,974~~

~~*This entry recognizes the net periodic pension cost for the service cost, interest cost, expected return on plan assets and the amortization of the unrecognized items.*~~

~~**Illustration 2 – Paragraph 97 Example Note Disclosure:**~~

~~SSAP No. 102 became effective January 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. Such liability is required to be reported in the first quarter statutory financial statement after the transition date with a corresponding entry to unassigned funds. At transition, ABC entity recognized a net $52 asset from unrecognized transition obligations/assets, prior service costs/credits, and unrecognized gains/losses as a component of the ending balance of unassigned funds as of January 1, 2013. This net impact was reflected as a contra-liability as the plan is in an underfunded state.~~

~~***For purposes of this example, tax effects are not reflected. However, the amount recognized at transition as components of the unassigned funds shall be net of tax.*~~

~~The following provides the status of the pension plan as of December 31, 2012, and the transition date (January 1, 2013):~~

~~**Example 2**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(2,015)~~	~~$(2,015)~~
~~Plus: Non-Vested Liability~~	~~(60)~~	~~(60)~~
~~Total Accumulated Benefit Obligation~~	~~$(2,075)~~	~~$(2,075)~~
~~Projected Benefit Obligation~~	~~$(2,268)~~	~~$(2,268)~~
~~Plus: Non-Vested Liability~~	~~(60)~~	~~(60)~~
~~Total PBO~~	~~$(2,328)~~	~~$(2,328)~~
~~Plan Assets at Fair Value~~	~~$1,992~~	~~$1,992~~
~~Funded Status~~	~~$(336)~~	~~$(336)~~
~~Transition Obligation / (Asset)~~	~~$(544)~~	
~~Prior Service Cost / (Credit)~~	~~(494)~~	
~~Prior Service Cost (Non-Vested)~~	~~60~~	

~~Unrecognized Losses / (Gains)~~	~~926~~	
~~Total Unrecognized Items~~	~~$(52)~~	~~–~~
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~$(388)~~	~~$(336)~~

~~In the March 31, 2013, financial statements, underfunded pension obligations were reflected as follows:~~

- ~~Accrued Benefit Cost - $388~~
- ~~Liability for Pension Benefits (Aggregate Write-In for Liabilities) - ($52)~~

~~Illustration of Example 2 – Underfunded Plan with Accrued Benefit Cost~~

	~~Net Periodic Cost (Expense Recognition)~~	~~Unassigned Funds~~	~~Aggregate Write-In for Liabilities~~	~~Accrued Benefit Cost~~
~~Existing Balance – 12/31/2012~~		~~388DR~~		~~388CR~~
~~Transition Entries – 1/1/2013~~				
~~A~~		~~52CR~~	~~52DR~~	
~~After Transition~~		**~~336DR~~**	**~~52DR~~**	**~~388CR~~**
~~A. Recognize "unrecognized" items at transition. The above entry reflects the "net" impact, resulting with an unrecognized net asset (contra-liability) and an increase to the surplus presentation. (This unrecognized net asset is reflected as a contra-liability as it does not reflect a prepaid for the overfunding of plan assets. If this was reflected as an asset, it would be nonadmitted.)~~				
~~Recognition of Net Periodic Pension Cost – 12/31/2013~~				
~~B~~		~~26 DR~~	~~26 CR~~	
~~C~~	~~274 DR~~			~~274 CR~~
~~B. Entry amortizes the transition items (entry is shown net.) Due to the nature of the unrecognized items, (net asset, recorded as a contra-liability), this entry reverses the original entry to remove the portion that will be amortized into net periodic pension cost for the current period.~~ ~~C. Entry recognizes the net periodic pension cost, interest cost, expected return on plan assets, and the amortization of the unrecognized items.~~				
~~Recognition of Net Periodic Pension Cost – 12/31/2014~~				
~~D~~		~~26 DR~~	~~26 CR~~	
~~E~~	~~2,974 DR~~			~~2,974 CR~~
~~D. Entry occurs to amortize the transition items (entry is shown net). Due to the nature of the unrecognized items, (net asset, recorded as a contra-liability), this entry reverses the original entry to remove the portion that will be amortized into net periodic pension cost for the current period.~~ ~~E. Entry recognizes net periodic pension cost the service cost, interest cost, expected return on plan assets and the amortization of the unrecognized items.~~				

~~**3. Underfunded Plan with Accrued Benefit Cost with Surplus Deferral Elected**~~

~~*Consideration of contributions or tax effects are not reflected in this example.*~~

~~**Example 3**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(1,819)~~	~~$(1,819)~~
~~Plus: Non-Vested Liability~~	~~(103)*~~	~~(103)~~
~~Total Accumulated Benefit Obligation~~	~~$(1,922)~~	~~$(1,922)~~
~~Projected Benefit Obligation~~	~~$(2,099)~~	~~$(2,099)~~
~~Plus: Non-Vested Liability~~	~~(103)~~	~~(103)~~
~~Total PBO as of January 1, 2012~~	~~$(2,202)~~	~~$(2,202)~~
~~Plan Assets at Fair Value~~	~~$0~~	~~$0~~
~~Funded Status~~	~~$(2,202)~~	~~$(2,202)~~
~~Transition Obligation / (Asset)~~	~~$0~~	
~~Prior Service Cost~~	~~0~~	
~~Prior Service Cost (Non-Vested)~~	~~103~~	
~~Unrecognized Losses / (Gains)~~	~~440~~	
~~Total Unrecognized Items~~	~~543~~	–
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~$(1,659)~~	~~$(1,922)~~

~~* The amount shown for December 31, 2012, reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

~~*Overfunded Plan Asset and Liability for Benefits are terms to reflect the overfunded and underfunded status of the plan. For the amounts shown as of December 31, 2012, immediately prior to the effective date of the new standard, these terms reflect the balance sheet position. As overfunded plan assets are not admitted, these prepaids shall be reflected within Aggregate Write-Ins for Other-Than-Invested Assets. Transition liabilities recognized that have not been reflected through expense shall be reflected within Aggregate Write-Ins for Liabilities.*~~

~~*As illustrated above, the liability for pension benefits as of January 1, 2013, does not equal the underfunded plan status as the entity elected the transition deferral. Rather, the liability for pension benefits equals, at a minimum, the accumulated benefit obligation (ABO) less the plan asset at fair value. (Minimum transition liability that equals the ABO is required in accordance with paragraph 93.) After the transition period, the net overfunded plan asset / (liability for benefits) should equal the funded status of the plan.*~~

~~3a. January 1, 2013 – Transition Date - Recognize "Unrecognized Items"~~

~~In accordance with paragraph 93, the surplus impact initially recognized as of January 1, 2013 under the transition option, and subsequently over the transition period, shall be the greater of:~~

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	~~Minimum Transition Liability~~	
~~93.b.i.~~	~~10% of Calculated Surplus Impact~~	~~54.3~~
~~93.b.ii.~~	~~Anticipated Annual Amortization of "Unrecognized Items" (Assumes 5-year Uniform Amortization)~~	~~108.6~~
~~93.b.iii.~~	~~Difference Between ABO and Accrued Benefit Cost~~	~~263~~
	~~Transition Liability~~	**~~263~~**

~~Note: Amortization of the unrecognized items (paragraph 93.b.ii.) may not be determinable at transition. If the amortization amount that will be recognized year-end 2013 is unknown at the transition date, at a minimum, the amount amortized for "unrecognized items" during the prior year shall be utilized for the component in paragraph 93.b.ii. of the minimum transition liability. If the amount recognized for transition (greater of all three components in paragraph 93.b.) is subsequently determined to be less than what is amortized for the year (paragraph 93.b.ii.), the difference between what was recognized for transition, and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds – surplus.)~~

~~January 1, 2013 – Transition Date:~~

~~*Reversal of Additional Minimum Liabilities/Intangible Plan Assets*: As this plan has an unfunded ABO, following the guidance under SSAP No. 89, the entity had recognized an additional minimum liability and corresponding admitted intangible asset. As the concept of an additional minimum liability has been eliminated from SSAP No. 102, at transition these amounts are eliminated, with the determination of the overfunded/unfunded projected benefit obligation calculated subsequent to the elimination.~~

~~Balances as of 12/31/2012 under SSAP No. 89:~~
~~Accumulated Benefit Obligation: $1,819~~
~~Accrued Liability: $1,659~~
~~SSAP No. 89 Additional Minimum Liability: $160~~
~~SSAP No. 89 Admitted Intangible Asset: $160~~

~~Unassigned Funds 160~~
~~Intangible Asset 160~~

~~Additional Minimum Liability 160~~
~~Unassigned Funds 160~~

~~Application of SSAP No. 102 – Recognition of Unfunded Status with Surplus Deferral:~~

~~1. Unassigned Funds – Transition Liability 263~~
~~Liability for Pension Benefits 263~~
~~*(Aggregate Write-In for Liabilities)*~~

~~This entry represents the minimum transition liability required to be recognized at the transition date. As noted within the transition guidance, an entity may elect to transition the surplus impact over a period not to exceed 10 years. Paragraph 93 provides the specifications on the minimum liability recognized at transition. As this transition liability amount has yet to be recognized through expense (periodic cost), the liability is reflected through "aggregate write-ins for liabilities."~~

Ref #2023-21

~~3b. December 31, 2013 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2013**~~
~~Service Cost~~	~~250~~
~~Interest Cost~~	~~100~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~*Total*~~	~~*300*~~
~~Amortization of:~~	
~~o Prior Service Cost (nonvested)~~	~~20.6~~
~~o Unrecognized Losses~~	~~88~~
~~*Total*~~	~~*108.6*~~
~~**Total Net Periodic Pension Cost**~~	~~**408.6**~~

~~1. Liability for Pension Benefits 108.6~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 20.6~~
~~Unassigned Funds – Unrecognized Losses 88~~

~~*This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.*~~

~~2. Net Periodic Pension Cost 408.6~~
~~Accrued Benefit Cost 408.6~~

~~*This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the unrecognized items.*~~

~~Note: Although the entity elected the transition option for surplus deferral, and the guidance allows up to 10 years for deferral, an entity must continue to recognize a minimum amount of the transition liability as determined in accordance with paragraph 93.b. This requires the entity to recognize an amount that is at the greater of either 10% of the initial surplus impact or the amortization of the unrecognized items in effect at transition.~~

~~**In this example, the entity will only receive a 3-year deferral** – This illustration assumes 5-year uniform amortization of the transition amounts into expense for illustration purposes only. In practice, the minimum transition liability amounts may not be determinable until the expense is calculated in each future year:~~

~~**Surplus Impact at Transition**~~		~~**Prior Service Cost**~~	~~**Unrealized Losses**~~	
~~Transition Liability:~~	~~543~~	~~103~~	~~440~~	
~~Amount Recognized Jan. 1, 2013~~	~~(263)~~			
~~**Remaining Transition Liability**~~	~~**280**~~			
~~Minimum Transition Liability:~~		~~Anticipated Amortization:~~		~~**Remaining Transition Liability**~~
~~2014~~	~~**108.6**~~	~~20.6~~	~~88~~	~~171.4~~
~~2015~~	~~**108.6**~~	~~20.6~~	~~88~~	~~62.8~~
~~2016~~	~~**62.8**~~	~~12~~	~~50.8~~	~~–~~

Ref #2023-21

~~3c. December 31, 2014 – Recognition of Transition Liability:~~

~~1. Unassigned Funds – Transition Liability 108.6~~
~~Liability for Pension Benefits 108.6~~
~~*(Aggregate Write-In for Liabilities)*~~

~~*This entry represents the minimum transition liability required to be recognized at the subsequent date.*~~

~~3d. December 31, 2014 – Recognition of Net Periodic Benefit Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~50~~
~~Interest Cost~~	~~30~~
~~Expected Return on Plan Assets~~	~~(35)~~
~~*Total*~~	~~*45*~~
~~Amortization of:~~	
~~o Prior Service Cost (nonvested)~~	~~20.6~~
~~o Unrecognized Losses~~	~~88~~
~~*Total*~~	~~*108.6*~~
~~**Total Net Periodic Pension Cost**~~	~~**153.6**~~

~~1. Liability for Pension Benefits 108.6~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Prior Service Cost (Nonvested) 20.6~~
~~Unassigned Funds – Unrecognized Losses 88~~

~~2. Net Periodic Pension Cost 153.6~~
~~Accrued Benefit Cost 153.6~~

~~*This entry illustrates the December 2014 entries. The first removes the liability recognized for transition so that it could be recycled through expense, with the second recognizing net periodic cost (including the amortization of the unrecognized items.)*~~

~~3e. December 31, 2015 – Activity within the pension plan has resulted with an overfunded plan.~~

~~As required under paragraph 93, if the fair value of plan assets had changed so that the plan was in an overfunded status, the transition liability would also be impacted with accelerated recognition to the extent the plan is in an overfunded status:~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2015**~~
~~Service Cost~~	~~100~~
~~Interest Cost~~	~~75~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~*Total*~~	~~*125*~~
~~Amortization of:~~	
~~o Prior Service Cost (nonvested)~~	~~20.6~~
~~o Unrecognized Losses~~	~~88~~
~~*Total*~~	~~*108.6*~~
~~**Total Net Periodic Pension Cost**~~	~~**233.6**~~

Ref #2023-21

~~Recognition of Remaining Transition Liability and Net Periodic Pension Cost:~~

~~1. Unassigned Funds – Transition Liability~~	~~171.40~~	
~~Liability for Pension Benefits~~		~~171.40~~
~~*(Aggregate Write-In for Liabilities)*~~		

~~*This entry illustrates the immediate recognition of the remaining transition liability*~~

~~2. Liability for Pension Benefits~~	~~108.6~~	
~~*(Aggregate Write-In for Liabilities)*~~		
~~Unassigned Funds – Prior Service Cost (Nonvested)~~		~~20.6~~
~~Unassigned Funds – Unrecognized Losses~~		~~88~~

~~*This entry reflects the amortization into net periodic pension cost of the "unrecognized items" within unassigned funds. Amortization has not changed with the recognition of the remaining transition liability.*~~

~~3. Net Periodic Pension Cost~~	~~233.60~~	
~~Accrued Benefit Cost~~		~~233.60~~

~~*Recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets, and the amortization of unrecognized items.*~~

~~4. Accrued Benefit Cost~~	~~2,456~~	
~~Prepaid Benefit Cost~~	~~844~~	
~~*(Aggregate Write-In – Assets)*~~		
~~Cash – Contribution~~		~~3,300~~

~~*This entry recognizes the cash contribution, the elimination of the accrued benefit cost and the establishment of the prepaid benefit cost from the contribution.*~~

~~5. Liability for Pension Benefits~~	~~217~~	
~~Overfunded Plan Asset~~		~~217~~

~~*Since the plan is now in a net overfunded status, the liability for pension benefits is reduced to zero, and offset to the overfunded pension asset (contra-asset).*~~

~~6. Unassigned Funds (Change in Nonadmitted)~~	~~844~~	
~~Prepaid Benefit Cost (Nonadmitted)~~		~~844~~

~~*This entry recognizes the prepaid benefit cost that is nonadmitted and the underlying impact on unassigned funds.*~~

~~7. Overfunded Plan Asset (Nonadmitted)~~	~~217~~	
~~Unassigned Funds (Change in Nonadmitted)~~		~~217~~

~~*This entry illustrates the impact of the change in nonadmitted overfunded plan asset to unassigned funds.*~~

~~Example 3 - Comprehensive Illustration~~

~~Consideration of contributions or tax effects are not reflected in the example.~~

~~Underfunded Plan With Accrued Benefit Cost - Surplus Deferral Elected~~

		12/31/2012	1/1/2013	12/31/2013	12/31/2014	12/31/2015
ABO		(1,819)	(1,819)	(2,019)	(2,049)	(2,079)
Non-Vested Liability		(103)	(103)	(103)	(103)	(103)
Total ABO	A	(1,922)	(1,922)	(2,122)	(2,152)	(2,182)
-						
PBO	B	(2,099)	(2,099)	(2,399)	(2,444)	(2,569)
Non-Vested Liability	C	(103)	(103)	(103)	(103)	(103)
Total PBO	D	(2,202)	(2,202)	(2,502)	(2,547)	(2,672)
-						
Plan Assets at Fair Value	E	–	–	–	–	3,300
Funded Status	F	(2,202)	(2,202)	(2,502)	(2,547)	628
-						
Items Not Recognized in Unassigned Funds						
Transition Obligation (Asset)		–	–	–	–	–
Prior Service Cost		–	–	–	–	–
Prior Service Cost Non-Vested	G	103	–	–	–	–
Unrecognized Losses (Gains)	H	440	–	–	–	–
Total Unrecognized Items	I	543	–	–	–	–
Transition Items – Aggregate WI	J		(263)		(109)	(171)
Unassigned Funds – Transition	K			109	109	109
Periodic Pension Cost	L			(300)	(45)	(125)
Periodic Pension Cost – Amort.	M			(109)	(109)	(109)
Contribution	N		–	–	–	3,300
Overfunded Plan Asset (Liability for Benefits)	O	(1,659)	(1,922)	(2,222)	(2,376)	628
Unrecognized Transition Items	P		(280)	(280)	(171)	–
Funded Status	Q		(2,202)	(2,502)	(2,547)	628
Liability Reported Beg of Year	R		(1,659)	(1,922)	(2,222)	(2,375)
Recognized Transition Items	S		(263)		(109)	(171)
Unassigned Funds	T			109	109	109
Net Periodic Pension Cost	U		–	(409)	(154)	(235)
Contribution	V		–	–		3,300
Accrued/Prepaid End of Year	W	(1,659)	(1,922)	(2,222)	(2,375)	628
Unrecognized Items	X		(280)	(280)	(171)	0
Funded Status	Y		(2,202)	(2,502)	(2,547)	628
Reporting Lines:	-					
Accrued Benefit Cost	Z	1,659	1,659	2,068	2,221	0
Aggregate WI – Net Asset	AA					628
Aggregate WI – Liability	BB		263	154	154	0
Total Liability/(Asset) Reported	CC	1,659	1,922	2,222	2,376	(628)
Unfunded/(Overfunded) Status	DD		2,202	2,502	2,547	(628)
Liability Not Reported	EE		280	280	171	0

~~**Underfunded Plan with Accrued Benefit Cost - Surplus Deferral Elected**~~

~~**Jan. 1, 2013 - Transition**~~

~~***Entry A** - Recognize Minimum Transition Liability*~~

~~Unassigned Funds~~	~~263~~	
~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~		~~263~~

~~**Dec. 31, 2013 - Recognize Periodic Pension Cost**~~

~~***Entry A** - Reverses portion of transition entry for the amount that will be amortized into periodic cost for the period.*~~

~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~	~~109~~	
~~Unassigned Funds~~		~~109~~

~~***Entry B** - Recognize net periodic cost*~~

~~Net Periodic Cost~~	~~409~~	
~~Accrued Benefit Cost~~		~~409~~

~~**Dec. 31, 2014 - Recognize Transition and Periodic Pension Cost**~~

~~***Entry A** – Recognize transition liability*~~

~~Unassigned Funds~~	~~109~~	
~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~		~~109~~

~~***Entry B** - Reverses portion of transition entry for the amount that will be amortized into periodic cost for the period.*~~

~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~	~~109~~	
~~Unassigned Funds~~		~~109~~

~~***Entry C** - Recognize net periodic cost*~~

~~Net Periodic Cost~~	~~154~~	
~~Accrued Benefit Cost~~		~~154~~

~~**Dec. 31, 2015 - Recognize Transition and Periodic Pension Cost**~~

~~***Entry A** – Recognize transition liability*~~

~~Unassigned Funds~~	~~171~~	
~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~		~~171~~

~~***Entry B** - Reverses portion of transition entry for the amount that will be amortized into periodic cost for the period.*~~

~~Liability for Pension Benefits~~ ~~*(Aggregate Write-In for Liabilities)*~~	~~109~~	
~~Unassigned Funds~~		~~109~~

~~***Entry C** - Recognize net periodic cost*~~

~~Net Periodic Cost~~	~~234~~	
~~Accrued Benefit Cost~~		~~234~~

~~***Entry D** - Recognize Cash Contribution*~~

~~Accrued Benefit Cost~~	~~2,456~~	
~~Prepaid Benefit Cost~~ ~~*(Aggregate Write-In Assets)*~~	~~844~~	
~~Cash Contribution~~		~~3,300~~

~~***Entry E** – Reduce Liability to Zero and Record Overfunded Plan Asset*~~

~~Liability for Pension Benefits~~	~~217~~	
~~Overfunded Plan Asset~~		~~217~~

~~***Entry F** – Recognize Nonadmitted Asset – Prepaid Benefit Cost*~~

~~Unassigned Funds~~ ~~*(Change in Nonadmitted)*~~	~~844~~	
~~Prepaid Benefit Cost (Nonadmitted)~~		~~844~~

~~***Entry G** – Recognize Nonadmitted Asset – Overfunded Plan Asset*~~

~~Overfunded Plan Asset (Nonadmitted)~~	~~217~~	
~~Unassigned Funds (Change in Nonadmitted)~~		~~217~~

~~**Illustration 3 – Paragraph 97 Example Note Disclosure – March 31, 2013:**~~

~~SSAP No. 102 became effective January 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. Such liability is required to be reported in the first quarter statutory financial statement after the transition date with a corresponding entry to unassigned funds. ABC entity elected to utilize the minimum transition option reflected in paragraph 93 of SSAP No. 102. The SSAP requires initial transition liability to be the greater of paragraphs 93.b.i, 93.b.ii., and 93.b.iii.:~~

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	~~**Minimum Transition Liability**~~	
~~93.b.i.~~	~~10% of Calculated Surplus Impact~~	~~54.3~~
~~93.b.ii.~~	~~Annual Amortization of "Unrecognized Items" (Assumes 5-year Uniform Amortization)~~	~~108.6~~
~~93.b.iii.~~	~~Difference Between ABO and Accrued Benefit Cost~~	~~263~~
	~~**Minimum Transition Liability**~~	~~**263**~~

~~*Note - Amortization of the unrecognized items (paragraph 93.b.ii.) may not be determinable at transition. If the amortization amount that will be recognized year-end 2013 is unknown at the transition date, at a minimum, the amount amortized for "unrecognized items" during the prior year shall be utilized for the component in paragraph 93.b.ii. of the minimum transition liability. If the amount recognized for transition (greater of all three components in paragraph 93.b.) is subsequently determined to be less than what is amortized for the year (paragraph 93.b.ii.), the difference between what was recognized for transition, and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds – surplus.*~~

~~Although the entity elected the transition option for surplus deferral, and SSAP No. 102 allows up to 10 years for deferral, an entity must continue to recognize a minimum amount of the transition liability as determined in accordance with paragraph 93.b. This requires the entity to recognize each year an amount that is at least equal to the amortization of the unrecognized items in effect at transition. Although the amortization of the transition items into future expenses (paragraph 93.b.ii.) may not be fully determinable at the time of transition (as they are dependent on the future expense calculations), the reporting entity anticipates that the remaining $280 surplus impact from the election of the transition deferral in SSAP No. 102 will be recognized over a 3-year* period.~~

~~* This is a reporting entity projection and may be revised based on future expenses and activity.~~

~~**Recognized Surplus Impact at Transition & Remaining Transition Liability**~~		~~**Prior Service Cost**~~	~~**Unrealized Losses**~~
~~Transition Liability:~~	~~543~~	~~103~~	~~440~~
~~Amount Recognized Jan. 1, 2013~~	~~(263)~~		
~~**Remaining Transition Liability**~~	~~**280**~~		

~~The following provides the status of the pension plan as of December 31, 2012, and the transition date (January 1, 2013):~~

~~**Example 3**~~	~~**Dec. 31, 2012**~~	~~**Jan. 1, 2013**~~
~~Accumulated Benefit Obligation~~	~~$(1,922)~~	~~$(1,922)~~
~~Projected Benefit Obligation~~	~~$(2,099)~~	~~$(2,099)~~
~~Plus: Non-Vested Liability~~	~~(103)~~	~~(103)~~
~~Total PBO~~	~~$(2,202)~~	~~$(2,202)~~
~~Plan Assets at Fair Value~~	~~0~~	~~0~~
~~Funded Status~~	~~($2,202)~~	~~($2,202)~~

~~Transition Obligation / (Asset)~~	~~0~~	
~~Prior Service Cost~~	~~0~~	
~~Prior Service Cost (Non-Vested)~~	~~103~~	
~~Unrecognized Losses / (Gains)~~	~~440~~	
~~Total Unrecognized Items~~	~~543~~	~~–~~
~~Overfunded Plan Asset / (Liability for Benefits)~~	~~(1,659)~~	~~(1,922)~~

~~In the March 31, 2013, financial statements, the $1,922 liability for pension benefits was reflected in the financial statements as follows:~~

- ~~Aggregate Write-Ins for Liabilities: $263~~
- ~~Accrued Benefit Cost: $1,659~~
- ~~Surplus Deferral - Unrecognized Transition Liability - $280~~

~~*(Note – This disclosure shall be completed on a quarterly and annual basis, with updated financial information reflecting the current and prior reporting periods, until the plan is fully funded without any transition liability remaining.)*~~

~~**Illustration 3 – Paragraph 97 Example Note Disclosure – December 31, 2015 – After Overfunded Contribution:**~~

~~At December 31, 2015, ABC entity contributed $3,300 towards the pension plan. This contribution resulted in the plan being in an overfunded status. Pursuant to the requirements of SSAP No. 102, ABC immediately recognized the remaining transition liability ($171.40). Although the transition liability has been fully-recognized to unassigned funds, the amortization of the liability into net periodic pension cost has not changed.~~

~~Although the entity elected the transition option for surplus deferral, and SSAP No. 102 allows up to 10 years for deferral, with the contribution resulting in an overfunded-plan status, ABC entity was restricted to a 3-year transition schedule as follows:~~

~~January 1, 2013 (Transition)~~	~~$263.00~~
~~December 31, 2014~~	~~$108.60~~
~~December 31, 2015~~	~~$171.40~~
~~Total Transition Liability~~	~~$543.00~~

~~In the December 31, 2015, annual financial statements, pension obligations were reflected as follows:~~

- ~~Prepaid Benefit Cost - $844 (Nonadmitted)~~
- ~~Overfunded Plan Asset - $(217) (Nonadmitted)~~

~~These amounts are both reported as Aggregate Write-Ins for Other-Than-Invested Assets resulting in a net $628.~~

~~4. Underfunded Plan with Prepaid Benefit Cost – No Surplus Deferral Elected~~

~~Consideration of contributions or tax effects are not reflected in this example.~~

~~**Example 4**~~	~~**Dec. 31, 2012**[1]~~	~~**Jan. 1, 2013**~~	~~**Dec. 31, 2013**~~	~~**Jan. 1, 2014**~~	~~**Dec. 31, 2014**~~
~~Accumulated Benefit Obligation~~	~~(1,532)~~	~~(1,532)~~	~~(1,732)~~	~~(1,732)~~	~~(1,957)~~
~~Plus: Non-Vested Liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~
~~Total Accumulated Benefit Obligation~~	~~$ (1,632)~~	~~$ (1,632)~~	~~(1,832)~~	~~(1,832)~~	~~(2,057)~~
~~Projected Benefit Obligation~~	~~$(1,752)~~	~~$(1,752)~~	~~(2,052)~~	~~(2,052)~~	~~(2,277)~~
~~Plus: Non-Vested liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~
~~Total PBO~~	~~$(1,852)~~	~~$(1,852)~~	~~(2,152)~~	~~(2,152)~~	~~(2,377)~~
~~Plan Assets at Fair Value~~	~~1,600~~	~~1,600~~	~~1,600~~	~~2,500~~	~~2,500~~
~~Funded Status~~	~~($252)~~	~~($252)~~	~~(552)~~	~~348~~	~~123~~
~~Transition Obligation / (Asset)~~	~~0~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~
~~Prior Service Cost~~	~~48~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~
~~Prior Service Cost (Non-Vested)~~	~~100~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~
~~Unrecognized Losses / (Gains)~~	~~600~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~
~~Total Unrecognized Items~~	~~748~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	~~**496**~~	~~**(252)**~~	~~**(552)**~~	~~**348**~~	~~**123**~~

~~Overfunded Plan Asset and Liability for Benefits are terms to reflect the overfunded and unfunded status of the plan. For the amounts shown as of December 31, 2012 immediately prior to the effective date of the new standard, these terms reflect the balance sheet position. As overfunded plan assets are not admitted, these prepaids shall be reflected within Aggregate Write-Ins for Other-Than-Invested Assets. Transition liabilities recognized that have not been reflected through expense shall be reflected within Aggregate Write-Ins for Liabilities.~~

~~January 1, 2013 – Transition Date, Recognize "Unrecognized Items"~~

~~A. Unassigned Funds – Prior Service Cost — 48~~
~~Unassigned Funds – Prior Service Cost (Non-vested) — 100~~
~~Unassigned Funds – Unrecognized Losses — 600~~
~~Liability for Plan Benefits — 252~~
~~(Aggregate Write-In for Liabilities)~~
~~Overfunded Plan Asset — 496~~
~~(Aggregate Write-In for Other-Than-Invested Assets)~~

~~B. Change in Nonadmitted – Overfunded Plan Asset — 496~~

[1] ~~The amount shown for December 31, 2012, reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

~~Unassigned Funds 496~~

~~Prepaid Benefit Cost and Overfunded Plan Assets are both reflected as Aggregate Write-Ins for Other-Than-Invested Assets. However, Prepaid Benefit Cost can only be reduced with a corresponding income statement impact. Entry A, which uses a contra-asset, effectively results with a net elimination of the assets reported for the plan and establishes the appropriate liability to reflect the unfunded status. (Reporting entities will need to continue to track these categories separately.)~~

~~December 31, 2013 – Recognition of Net Periodic Pension Cost~~
~~After transition, recognition of net periodic pension cost includes: 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of prior service cost included in unassigned funds, 5) amortization of gains and losses and 6) amortization of any transition asset or obligation remaining in unassigned funds.~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2013**~~
~~Service Cost~~	~~250~~
~~Interest Cost~~	~~100~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~300~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**318.70**~~

~~C. Liability for Pension Benefits 18.70~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Transition Liability 18.70~~

~~This entry occurs prior to amortization of the items recognized at transition. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.~~

~~D. Net Periodic Pension Cost 318.70~~
~~Prepaid Benefit Cost 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the noted items. As the plan has a prepaid benefit cost, the prepaid benefit cost will be reduced with the recognition of periodic cost.~~

~~E. Overfunded Plan Asset 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 318.70~~

~~Entry reflects a reduction in the contra-asset recognized at transition at an amount equal to the reduction of prepaid benefit cost.~~

~~F. Change in Nonadmitted – Prepaid Benefit Cost 318.70~~

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~~Unassigned Funds 318.70~~

~~G. Unassigned Funds 318.70~~
~~Change in Nonadmitted – Overfunded Plan Asset 318.70~~

~~Entries to reflect the change in nonadmitted assets for both entries "D" and "E." These entries offset.~~

~~H. Unassigned Funds 318.70~~
~~Liability for Pension Benefits 318.70~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Entry recognizes the unfunded liability from the 2013 net periodic costs. This entry assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than expected, etc. An additional variation is actual return on plan assets different from expected return on plan assets. All of these factors will impact the year-end funded status, and will also need to be recorded as part of entry "H" at year-end.~~

~~January 1, 2014 – Contribution~~

	~~**Jan. 1, 2014**~~
~~**Contribution**~~	~~$900~~

~~I. Prepaid Benefit Cost 900~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Cash 900~~

~~J. Liability for Pension Benefits 552~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Overfunded Plan Asset 552~~

~~With the cash contribution, the plan becomes overfunded with a prepaid benefit cost. The contribution directly increases the Prepaid Benefit Cost. The liability for pension benefits is eliminated, with an offset to the Overfunded Plan asset. The plan now has a NET overfunded plan asset of $348.~~

~~K. Unassigned Funds 900~~
~~Change in Nonadmitted - Prepaid Benefit Cost 900~~

~~L. Change in Nonadmitted- Overfunded Plan Asset 552~~
~~Unassigned Funds 552~~

~~Entries recognize the impact as a result of the nonadmitted overfunded plan asset from entry "I" and "J."~~

~~December 31, 2014 – Recognition of Net Periodic Pension Cost~~

~~After transition, recognition of net periodic pension cost includes: 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of prior service cost included in unassigned funds, 5) amortization of gains and losses, and 6) amortization of any transition asset or obligation remaining in unassigned funds.~~

Ref #2023-21

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~200~~
~~Interest Cost~~	~~75~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~225~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**243.70**~~

~~This example assumes no changes in the amortization timeframe. As noted in footnote 6 of SSAP No. 102, unless otherwise impacted from SSAP No. 102, or in accordance with changes to the pension plan, the amortization of the unrecognized items into net periodic pension cost shall continue to follow the existing amortization schedules in effect on the transition date.~~

~~Although the amortization of Prior Service Cost (assuming no additional changes) and non-vested Prior Service Cost will typically follow a straight-line amortization into Net Periodic Pension Cost, this is not the case for the Unrecognized Gains/Losses. The total amount of unrecognized gains/losses subject to amortization will continuously change due to changes in the discount rates, actuarial assumptions, differences between expected and actual return on assets, etc. In addition, unrecognized gains/losses are amortized into expense only to the extent that they exceed the 10% corridor (SSAP 102, paragraph 22). The 10% corridor is based on the greater of the PBO or the Fair Value of Plan assets, and these amounts are also continuously changing. Therefore, the amortization of the gain/loss will never occur on a straight-line basis using the corridor method described in paragraph 22. There is no "amortization schedule" in effect at transition date for the unrecognized gains/losses.~~

~~M. Overfunded Plan Assets 18.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds – Transition Liability 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry made to unassigned funds for the amount that will be amortized into periodic pension cost for the current period. Since the plan is currently overfunded, this is offset by overfunded plan asset.~~

~~N. Unassigned Funds 18.70~~
~~Change in Nonadmitted - Overfunded Plan Asset 18.70~~

~~This entry reflects the change in nonadmitted from entry "M."~~

~~O. Net Periodic Pension Cost 243.70~~
~~Prepaid Benefit Cost 243.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the noted items. As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost. Once that amount is exhausted, an accrued liability would be recorded.~~

~~P. Change in Nonadmitted - Prepaid Benefit Cost 243.70~~
~~Unassigned Funds 243.70~~

~~Entries to reflect the change in nonadmitted assets for entry "O."~~

~~Example 4 - Underfunded Plan with Prepaid Benefit Cost – No Surplus Deferral Elected:~~

	~~Aggregate Write-In For Other-Than-Invested Assets~~		~~Change in Nonadmitted Assets~~	~~Net Periodic Cost~~	~~Unassigned Funds~~	~~Liability for Pension Benefits~~	~~Cash~~
	~~Overfunded Plan Asset~~	~~Prepaid Benefit Cost~~					
~~Existing Balance 12/31/2012~~		~~496 DR~~	~~496 CR~~[2]	–	~~496 CR~~ ~~496 DR~~	–	
~~Transition Entries 1/1/2013~~							
~~A~~	~~496 CR~~				~~748 DR~~	~~252 CR~~	
~~B~~			~~496 DR~~		~~496 CR~~		
~~Jan. 1, 2013~~	**~~496 CR~~**	**~~496 DR~~**	–	–	**~~252 DR~~**	**~~252 CR~~**	
~~Jan. 1, 2013 - Net~~	–		–	–	**~~252 DR~~**	**~~252 CR~~**	–
~~Dec. 31, 2013:~~							
~~C~~					~~18.70 CR~~	~~18.70 DR~~	
~~D~~		~~318.70 CR~~		~~318.70 DR~~[3]			
~~E~~	~~318.70 DR~~				~~318.70 CR~~		
~~F~~			~~318.70 DR~~		~~318.70 CR~~		
~~G~~			~~318.70 CR~~		~~318.70 DR~~		
~~H~~					~~318.70 DR~~	~~318.70 CR~~	
~~Dec. 31, 2013~~	**~~177.30 CR~~**	**~~177.30 DR~~**	–		**~~552 DR~~**	**~~552 CR~~**	
~~Dec. 31, 2013 - Net~~	–		–	–	**~~552 DR~~**	**~~552 CR~~**	
~~Jan. 1, 2014 Contribution~~							
~~I~~		~~900 DR~~					~~900 CR~~
~~J~~	~~552 CR~~					~~552 DR~~	
~~K~~			~~900 CR~~		~~900 DR~~		
~~L~~			~~552 DR~~		~~552 CR~~		
~~After Contribution~~	**~~729.30 CR~~**	**~~1077.30 DR~~**	**~~348 CR~~**		**~~900 DR~~**	–	**~~900 CR~~**

~~[2] This reflects the change reported in prior years.~~

~~[3] Since Net Periodic Cost closes to unassigned funds at the end of each year, the balance does not carry forward.~~

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~~**Jan. 1, 2014 - Net**~~	~~**348 DR**~~		~~**348 CR**~~		~~**900 DR**~~	–	~~**900 CR**~~
~~**Dec. 31, 2014:**~~							
~~M~~	~~18.70 DR~~				~~18.70 CR~~		
~~N~~			~~18.70 CR~~		~~18.70 DR~~		
~~O~~		~~243.70 CR~~		~~243.70 DR~~[11]			
~~P~~			~~243.70 DR~~		~~243.70 CR~~		
~~**Dec. 31, 2014**~~	~~**710.60 CR**~~	~~**833.60 DR**~~	~~**123 CR**~~		~~**900 DR**~~	–	~~**900 CR**~~
~~**Dec. 31, 2014 - Net**~~	~~**123 DR**~~		~~**123 CR**~~		~~**900 DR**~~		~~**900 CR**~~

~~5. Underfunded Plan with Prepaid Benefit Cost – Surplus Deferral, Funded ABO~~

~~*Consideration of contributions or tax effects are not reflected in this example.*~~

~~**Example 5**~~	~~**Dec. 31, 2012**~~[4]	~~**Jan. 1, 2013**~~	~~**Dec. 31, 2013**~~	~~**Dec. 31, 2014**~~	~~**Jan, 1, 2015**~~	~~**Dec. 31, 2015**~~
~~Accumulated Benefit Obligation~~	~~$(1,032)~~	~~$(1,032)~~	~~$(1,232)~~	~~$(1,457)~~	~~$(1,457)~~	~~$(1,657)~~
~~Plus: Non-Vested Liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~
~~Total Accumulated Benefit Obligation~~	~~$(1,132)~~	~~$ (1,132)~~	~~(1,332)~~	~~(1,557)~~	~~(1,557)~~	~~(1,757)~~
~~Projected Benefit Obligation~~	~~$(1,752)~~	~~$(1,752)~~	~~(2,052)~~	~~(2,177)~~	~~(2,177)~~	~~(2,377)~~
~~Plus: Non-Vested liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~100~~
~~Total PBO~~	~~$(1,852)~~	~~$(1,852)~~	~~(2,152)~~	~~(2,277)~~	~~(2,277)~~	~~(2,477)~~
~~Plan Assets at Fair Value~~	~~1,600~~	~~1,600~~	~~1,600~~	~~1,600~~	~~2,500~~	~~2,500~~
~~Funded Status~~	~~($252)~~	~~($252)~~	~~(552)~~	~~(677)~~	~~223~~	~~23~~
~~Transition Obligation/(Asset)~~	~~0~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	
~~Prior Service Cost~~	~~48~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	
~~Prior Service Cost (Non-Vested)~~	~~100~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	
~~Unrecognized Losses/(Gains)~~	~~600~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	
~~Total Unrecognized Items~~	~~748~~	~~**0**~~	~~**0**~~	~~**0**~~	~~**0**~~	
~~Net Overfunded Plan Asset/ (Liability for Benefits)~~	~~**496**~~	~~**(25.20)**~~	~~**(325.20)**~~	~~**(475.40)**~~	~~**223**~~	~~**23**~~
~~Surplus Impact Deferred~~		~~**(226.80)**~~	~~**(226.80)**~~	~~**(201.60)**~~	~~**-**~~	~~**-**~~

~~Surplus Impact – The transition guidance in SSAP No. 92 and SSAP No. 102 requires a minimum of 10% of the surplus impact on the transition date. If a systematic 10-year allocation was applied to the total "unrecognized items" rather than the surplus impact, there would be a number of years in which a prepaid asset would still be reflected without any impact to surplus even though the plan is underfunded. This is because a reduction in~~

[4] ~~The amount shown for December 31, 2012, reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

~~overfunded plan assets alone has a corresponding change to nonadmitted assets, resulting in a net zero surplus impact.~~

~~**Determine the initial transition surplus impact under the deferral election:**~~

~~In accordance with paragraph 93.b. of SSAP No. 102, the surplus impact initially recognized as of January 1, 2013 under the transition option, and subsequently over the transition period, shall be the **greater of**:~~

	~~**Minimum Transition Liability**~~	
~~93.b.i.~~	~~10% of Calculated Surplus Impact~~	~~25.20~~
~~93.b.ii.~~	~~Anticipated Annual Amortization of "Unrecognized Items" (Assume 40-year Uniform Amortization)~~	~~18.70~~
~~93.b.iii.~~	~~Difference Between unfunded ABO and Accrued Benefit Cost. (In this example, ABO is fully funded.)~~	~~–~~
	~~**Transition Liability**~~	~~**25.20**~~

~~*93.b.ii. Note: If the amortization cannot be determined at transition, at a minimum, the amount amortized for unrecognized items during the prior year shall be utilized for this calculation. If the amount recognized for transition (greater of all three components) is subsequently determined to be less than what was amortized for the year, the difference between what was recognized for transition and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds – surplus.*~~

~~January 1, 2013 – Transition Date~~

~~2. Unassigned Funds~~	~~496~~	
~~Overfunded Plan Asset~~ ~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~		~~496~~
~~3. Change in Nonadmitted – Overfunded Plan Asset~~	~~496~~	
~~Unassigned Funds~~		~~496~~
~~4. Unassigned Funds – Transition Liability~~	~~25.20~~	
~~Liability for Plan Benefits~~ ~~*(Aggregate for Write-In Liability)*~~		~~25.20~~

~~Prepaid Benefit Cost and Overfunded Plan Assets are both reflected as Aggregate Write-Ins for Other-Than-Invested Assets. However, Prepaid Benefit Cost can only be reduced with a corresponding income statement impact. Entry A, which uses a contra-asset, effectively results with a net elimination of the assets reported for the plan. (Reporting entities will need to continue to track these categories separately.) The first two entries (Entry A & B) have a **ZERO surplus impact** and the third entry recognizes a liability for 10% of the surplus impact calculated at transition as that is the greatest element from paragraph 93.b.~~

~~December 31, 2013 – Recognition of Net Periodic Pension Cost~~
~~After transition, recognition of net periodic pension cost includes: 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of prior service cost included in unassigned funds, 5) amortization of gains and losses, and 6) amortization of any transition asset or obligation remaining in unassigned funds.~~

~~As noted in paragraph 93.b., if surplus deferral is elected at the transition date, subsequently, starting with the 2014 year-end financial statement, the reporting entity shall annually recognize the remaining surplus impact. As such,~~

~~unless the entity elects to recognize the remaining surplus impact early (which is permitted under SSAP No. 102), there is no additional surplus impact from transition recognized as of December 31, 2013.~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2013**~~
~~Service Cost~~	~~250~~
~~Interest Cost~~	~~100~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~300~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**318.70**~~

~~Note – This example assumes no changes in the amortization timeframe. As noted in footnote 5 of SSAP No. 102, unless otherwise impacted from SSAP No. 102, or in accordance with changes to the pension plan, the amortization of the unrecognized items into net periodic pension cost shall continue to follow the existing amortization schedules in effect on the transition date. Although the amortization of Prior Service Cost (assuming no additional changes) and non-vested Prior Service Cost will typically follow a straight-line amortization into Net Periodic Pension Cost, this is not the case for the Unrecognized Gains/Losses. The total amount of unrecognized gains/losses subject to amortization will continuously change due to changes in the discount rates, actuarial assumptions, differences between expected and actual return on assets, etc. In addition, unrecognized gains/losses are amortized into expense only to the extent that they exceed the 10% corridor (SSAP No. 102, paragraph 22). The 10% corridor is based on the greater of the PBO or the Fair Value of Plan assets, and these amounts are also continuously changing. Therefore, the amortization of the gain/loss will never occur on a straight-line basis using the corridor method described in paragraph 22. There is no "amortization schedule" in effect at transition date for the unrecognized gains/losses.~~

~~D. Liability for Pension Benefits 18.70~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Transition Liability 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.~~

~~E. Net Periodic Pension Cost 318.70~~
~~Prepaid Benefit Cost 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the unrecognized items. (As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.)~~

~~F. Overfunded Plan Asset 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 318.70~~

~~Entry reflects a reduction in the contra-asset recognized at transition at an amount equal to the reduction of prepaid benefit cost.~~

~~G. Change in Nonadmitted – Prepaid Benefit Cost 318.70~~
~~Unassigned Funds 318.70~~

~~H. Unassigned Funds 318.70~~
~~Change in Nonadmitted – Overfunded Plan Asset 318.70~~

~~Entries to reflect the change in nonadmitted assets for both entries "E" and "F." These entries offset.~~

~~I. Unassigned Funds 318.70~~
~~Liability for Pension Benefits 318.70~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Entry reflects the unfunded liability from the 2013 plan-related costs. This entry assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than expected, etc. An additional variation is **actual** return on plan assets different from **expected** return on plan assets. All of these factors will impact the year-end funded status, and will also need to be recorded as part of entry "I" at year-end.~~

~~December 31, 2014 – Recognition of Deferred Transition Impact~~

~~J. Unassigned Funds – Transition Liability 25.20~~
~~Liability for Pension Benefits 25.20~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Per paragraph 93, if surplus deferral is elected at transition, beginning with 2014 annual financials, the entity shall recognize the remaining surplus impact on a systematic basis over a period not to exceed the remaining nine years. This entry represents the minimum transition liability to be recognized subsequent to transition. Since it is assumed that there is no change in the amortization expectations, and ABO is still funded, this entry reflects 10% of the transition surplus impact.~~

~~December 31, 2014 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~100~~
~~Interest Cost~~	~~75~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~125~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**143.70**~~

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~~Note – This example assumes no changes in the amortization timeframe. As noted in footnote 5 of SSAP No. 102, unless otherwise impacted from SSAP No. 102, or in accordance with changes to the pension plan, the amortization of the unrecognized items into net periodic pension cost shall continue to follow the existing amortization schedules in effect on the transition date. Although the amortization of Prior Service Cost (assuming no additional changes) and non-vested Prior Service Cost will typically follow a straight-line amortization into Net Periodic Pension Cost, this is not the case for the Unrecognized Gains/Losses. The total amount of unrecognized gains/losses subject to amortization will continuously change due to changes in the discount rates, actuarial assumptions, differences between expected and actual return on assets, etc. In addition, unrecognized gains/losses are amortized into expense only to the extent that they exceed the 10% corridor (SSAP No. 102, paragraph 22). The 10% corridor is based on the greater of the PBO or the Fair Value of Plan assets, and these amounts are also continuously changing. Therefore, the amortization of the gain/loss will never occur on a straight-line basis using the corridor method described in paragraph 22. There is no "amortization schedule" in effect at transition date for the unrecognized gains/losses.~~

~~K. Liability for Pension Benefits~~	~~18.70~~	
~~*(Aggregate Write-In for Liabilities)*~~		
~~Unassigned Funds – Transition Liability~~		~~18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.~~

~~L. Net Periodic Pension Cost~~	~~143.70~~	
~~Prepaid Benefit Cost~~		~~143.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~		

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the noted items. (As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.)~~

~~M. Overfunded Plan Asset~~	~~143.70~~	
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~		
~~Unassigned Funds~~		~~143.70~~

~~Entry reflects the change in overfunded plan assets as a reduction in the contra-asset from initial transition.~~

~~N. Change in Nonadmitted – Prepaid Benefit Cost~~	~~143.70~~	
~~Unassigned Funds~~		~~143.70~~

~~O. Unassigned Funds~~	~~143.70~~	
~~Change in Nonadmitted – Overfunded Plan Asset~~		~~143.70~~

~~Entries reflect the change in nonadmitted assets for both entries "L" and "M." These entries offset.~~

~~P. Unassigned Funds~~	~~143.70~~	
~~Liability for Pension Benefits~~		~~143.70~~
~~*(Aggregate Write-In for Liabilities)*~~		

~~Entry reflects the unfunded liability from the 2014 plan-related costs. This entry assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than~~

~~expected, etc. An additional variation is **actual** return on plan assets different from **expected** return on plan assets. All of these factors will impact the year-end funded status and will also need to be recorded as part of entry "P" at year-end.~~

~~January 1, 2015 – Recognition of Cash Contribution~~

	~~**Jan. 1, 2015**~~
~~**Contribution**~~	~~$900~~

~~Q. Prepaid Benefit Cost 900.00~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Cash 900.00~~

~~R. Liability for Pension Benefits 475.40~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Overfunded Plan Asset 475.40~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~S. Unassigned Funds 900.00~~
~~Change in Nonadmitted – Prepaid Benefit Cost 900.00~~

~~T. Change in Nonadmitted – Overfunded Plan Asset 475.40~~
~~Unassigned Funds 475.40~~

~~With the cash contribution, the plan becomes overfunded with a prepaid benefit cost. The contribution directly increases the Prepaid Benefit Cost. The liability for pension benefits is eliminated, with an offset to the Overfunded Plan asset. The plan now has a NET overfunded plan asset of $223.~~

~~U. Unassigned Funds 201.60~~
~~Overfunded Plan Asset 201.60~~

~~Since the plan is in an overfunded status, per paragraph 93.b. of SSAP No. 102, the entity is required to recognize the deferred surplus impact from initial transition to the extent that the plan is overfunded. As the plan is overfunded by more than the remaining transition surplus impact, this entry recognizes the full remaining surplus impact deferred at transition.~~

~~V. Change in Nonadmitted – Overfunded Plan Assets 201.60~~
~~Unassigned Funds 201.60~~

~~Entry reflects the change in nonadmitted assets from entry "U."~~

~~December 31, 2015 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2015**~~
~~Service Cost~~	~~100~~
~~Interest Cost~~	~~175~~
~~Expected Return on Plan Assets~~	~~(75)~~
~~Total~~	~~200~~
~~Amortization of:~~	

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~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~Total Net Periodic Pension Cost~~	**~~218.70~~**

~~(Previous notes on amortization continue to apply.)~~

~~W. Overfunded Plan Asset 18.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the unrecognized items recognized to unassigned funds as part of the transition guidance (even if recognized subsequent to initial recognition under the deferral option) for the amount that will be amortized into periodic pension cost for the current period.~~

~~X. Unassigned Funds 18.70~~
~~Change in Nonadmitted – Overfunded Plan Asset 18.70~~

~~Entry reflects the change in nonadmitted assets from entry "W."~~

~~Y. Net Periodic Pension Cost 218.70~~
~~Prepaid Benefit Cost 218.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the noted items. As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.~~

~~Z. Change in Nonadmitted – Prepaid Benefit Cost 218.70~~
~~Unassigned Funds 218.70~~

~~Entry reflects the change in nonadmitted assets from entry "Y." This example assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than expected, etc. An additional variation is **actual** return on plan assets different from **expected** return on plan assets. All of these factors will impact the year-end funded status, and will also need to be recorded at year-end in an **additional entry** impacting the Overfunded Plan Asset. If the plan became underfunded due to these changes, then the amount of the underfunding would then be recorded as a Liability for Pension Benefits.~~

~~*Example: Assume the PBO increased by $100 at year-end due to discount rate changes, etc. This would cause the plan to be underfunded by $77.00.*~~

~~*1. Unassigned Funds 100.00*~~
~~*Overfunded Plan Asset 23.00*~~
~~*Liability for Pension Benefits 77.00*~~

~~*2. Change in Nonadmitted – Overfunded Plan Asset 23.00*~~
~~*Unassigned Funds 23.00*~~

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~~Example 5 - Underfunded Plan with Prepaid Benefit Cost – Surplus Deferral, Funded ABO:~~

	~~Aggregate Write-In For Other-Than-Invested Assets~~		~~Change in Nonadmitted Assets~~	~~Net Periodic Cost~~	~~Unassigned Funds~~	~~Liability for Pension Benefits~~	~~Cash~~
	~~Overfunded Plan Asset~~	~~Prepaid Benefit Cost~~					
~~Existing Balance 12/31/2012 (This reflects pre-2012 Entries)~~		~~496 DR~~	~~496 CR~~[5]	–	~~496 CR~~ ~~496 DR~~	–	
~~Transition Entries – 1/1/2013~~							
~~A~~	~~496 CR~~				~~496 DR~~		
~~B~~			~~496 DR~~		~~496 CR~~		
~~C~~					~~25.20 DR~~	~~25.20 CR~~	
~~Jan 1, 2013~~	~~496 CR~~	~~496 DR~~	–	–	~~25.20 DR~~	~~25.20 CR~~	
~~Jan 1, 2013 - Net~~	–		–	–	~~25.20 DR~~	~~25.20 CR~~	
~~Dec. 31, 2013:~~							
~~D~~					~~18.70 CR~~	~~18.70 DR~~	
~~E~~		~~318.70 CR~~		~~318.70 DR~~[6]			
~~F~~	~~318.70 DR~~				~~318.70 CR~~		
~~G~~			~~318.70 DR~~		~~318.70 CR~~		
~~H~~			~~318.70 CR~~		~~318.70 DR~~		
~~I~~					~~318.70 DR~~	~~318.70 CR~~	
~~Dec. 31, 2013~~	~~177.30 CR~~	~~177.30 DR~~	–		~~325.20 DR~~	~~325.20 CR~~	
~~Dec. 31, 2013 - Net~~	–		–	–	~~325.20 DR~~	~~325.20 CR~~	
~~Dec. 31, 2014:~~							
~~J~~					~~25.20 DR~~	~~25.20 CR~~	
~~K~~					~~18.70 CR~~	~~18.70 DR~~	
~~L~~		~~143.70 CR~~		~~143.70 DR~~[14]			
~~M~~	~~143.70 DR~~				~~143.70 CR~~		
~~N~~			~~143.70 DR~~		~~143.70 CR~~		
~~O~~			~~143.70 CR~~		~~143.70 DR~~		
~~P~~					~~143.70 DR~~	~~143.70 CR~~	
~~Dec. 31, 2014~~	~~33.60 CR~~	~~33.60 DR~~	–		~~475.40 DR~~	~~475.40 CR~~	
~~Dec. 31, 2014 – Net~~	–		–	–	~~475.40 DR~~	~~475.40 CR~~	
~~Jan. 1, 2015 – Contribution~~							
~~Q~~		~~900.00 DR~~					~~900.00 CR~~
~~R~~	~~475.40 CR~~					~~475.40 DR~~	
~~S~~			~~900.00 CR~~		~~900.00 DR~~		
~~T~~			~~475.40 DR~~		~~475.40 CR~~		
~~U~~	~~201.60 CR~~				~~201.60 DR~~		
~~V~~			~~201.60 DR~~		~~201.60 CR~~		

[5] ~~This reflects the change reported in prior years.~~

[6] ~~Since Net Periodic Cost closes to unassigned funds at the end of each year, the balance does not carry forward.~~

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~~**Jan. 1, 2015 – After Contribution**~~	~~**710.60 CR**~~	~~**933.60 DR**~~	~~**223.00 CR**~~		~~**900 DR**~~	~~——~~	~~**900 CR**~~
~~**Jan 1, 2015 - Net**~~	~~**223.00 DR**~~		~~**223.00 CR**~~	~~–~~	~~**900 DR**~~	~~——~~	~~**900 CR**~~
~~**Dec. 31, 2015:**~~							
~~W~~	~~18.70 DR~~				~~18.70 CR~~		
~~X~~			~~18.70 CR~~		~~18.70 DR~~		
~~Y~~		~~218.70 CR~~		~~218.70 DR~~[14]			
~~Z~~			~~218.70 DR~~		~~218.70 CR~~		
~~**Dec. 31, 2015**~~	~~**691.90 CR**~~	~~**714.90 DR**~~	~~**23.00 CR**~~		~~**900.00 DR**~~		~~**900.00 CR**~~
~~**Dec. 31, 2015 - Net**~~	~~**23.00 DR**~~		~~**23.00 CR**~~		~~**900.00 DR**~~		~~**900.00 CR**~~

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~~6. Underfunded Plan with Prepaid Benefit Cost – Surplus Deferral, Unfunded ABO~~

~~Consideration of contributions or tax effects are not reflected in this example.~~

~~Example 6~~	**~~Dec. 31, 2012~~[7]**	**~~Jan. 1, 2013~~**	**~~Dec. 31, 2013~~**	**~~Dec. 31, 2014~~**	**~~Jan. 1, 2015~~**	**~~Dec. 31, 2015~~**
~~Accumulated Benefit Obligation~~	~~$(1,632)~~	~~$(1,632)~~	~~$(1,932)~~	~~$(2,057)~~	~~$(2,457)~~	~~(2,457)~~
~~Plus: Non-Vested Liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~
~~Total Accumulated Benefit Obligation~~	~~$(1,732)~~	~~$(1,732)~~	~~(2,032)~~	~~(2,157)~~	~~(2,557)~~	~~(2,557)~~
~~Projected Benefit Obligation~~	~~$(1,752)~~	~~$(1,752)~~	~~(2,052)~~	~~(2,177)~~	~~(2,177)~~	~~(2,377)~~
~~Plus: Non-Vested liability~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~(100)~~	~~100~~
~~Total PBO~~	~~$(1,852)~~	~~$(1,852)~~	~~(2,152)~~	~~(2,277)~~	~~(2,277)~~	~~(2,477)~~
~~Plan Assets at Fair Value~~	~~1,600~~	~~1,600~~	~~1,600~~	~~1,600~~	~~2,500~~	~~2,500~~
~~Funded Status~~	~~($252)~~	~~($252)~~	~~(552)~~	~~(677)~~	~~223~~	~~23~~
~~Transition Obligation / (Asset)~~	~~0~~	**~~0~~**	**~~0~~**	**~~0~~**	**~~0~~**	
~~Prior Service Cost~~	~~48~~	**~~0~~**	**~~0~~**	**~~0~~**	**~~0~~**	
~~Prior Service Cost (Non-Vested)~~	~~100~~	**~~0~~**	**~~0~~**	**~~0~~**	**~~0~~**	
~~Unrecognized Losses / (Gains)~~	~~600~~	**~~0~~**	**~~0~~**	**~~0~~**	**~~0~~**	
~~Total Unrecognized Items~~	~~748~~	**~~0~~**	**~~0~~**	**~~0~~**	**~~0~~**	
~~Net Overfunded Plan Asset / (Liability for Benefits)~~	**~~496~~**	**~~(132)~~**	**~~(432)~~**	**~~(582.20)~~**	**~~223~~**	**~~23~~**
~~Additional Minimum Liability (Unfunded ABO)~~	~~(32)~~	~~0~~	~~The concept of an additional minimum liability and related intangible asset for plans with an unfunded ABO is eliminated in SSAP No. 102.~~			
~~Intangible Asset~~	~~32~~	~~0~~				
~~Surplus Impact Deferred~~		**~~(120)~~**	**~~(120)~~**	**~~(94.80)~~**	~~–~~	~~–~~

~~Surplus Impact – The transition guidance in SSAP No. 92 and SSAP No. 102 requires a minimum of 10% of the surplus impact on the transition date. If a systematic 10-year allocation was applied to the total “unrecognized items” rather than the surplus impact, there would be a number of years in which a prepaid asset would still be reflected, without any impact to surplus, even though the plan is underfunded. This is because a reduced in overfunded plan assets alone has a corresponding change to nonadmitted assets, resulting in a net zero surplus impact.~~

~~Determine the initial transition surplus impact under the deferral election:~~

~~In accordance with paragraph 93.b. of SSAP No. 102, the surplus impact initially recognized as of January 1, 2013 under the transition option, and subsequently over the transition period, shall be the~~ **~~greater of~~**~~:~~

~~[7] The amount shown for December 31, 2012, reflects the non-vested liability, which must be considered at transition under SSAP No. 102. However, the non-vested liability is not a factor in the December 31, 2012, financial statements under SSAP No. 89.~~

	~~Minimum Transition Liability~~	
~~93.b.i~~	~~10% of Calculated Surplus Impact at Transition~~	~~25.20~~
~~93.b.ii~~	~~Anticipated Annual Amortization of "Unrecognized Items" (Assume 40-year Uniform Amortization)~~	~~18.70~~
~~93.b.iii~~	~~Difference Between unfunded ABO and Accrued Benefit Cost.~~	~~132.00~~
	~~Transition Liability~~	**~~132.00~~**

~~93.b.ii. Note: If the amortization cannot be determined at transition, at a minimum, the amount amortized for unrecognized items during the prior year shall be utilized for this calculation. If the amount recognized for transition (greater of all three components) is subsequently determined to be less than what was amortized for the year, the difference between what was recognized for transition and what is amortized must immediately be recognized as an adjustment to the transition impact to unassigned funds – surplus.~~

~~January 1, 2013 – Transition Date~~

~~*Reversal of Additional Minimum Liabilities/Intangible Plan Assets*: As this plan has an unfunded ABO, following the guidance under SSAP No. 89, the entity had recognized an additional minimum liability and corresponding admitted intangible asset. As the concept of an additional minimum liability has been eliminated from SSAP No. 102, at transition these amounts are eliminated, with the determination of the overfunded/unfunded projected benefit obligation calculated subsequent to the elimination.~~

~~Unassigned Funds 32~~
~~Intangible Asset 32~~

~~Additional Minimum Liability 32~~
~~Unassigned Funds 32~~

~~Application of SSAP No. 102 – Recognition of Unfunded Status with Surplus Deferral:~~

~~A. Unassigned Funds 496~~
~~Overfunded Plan Asset 496~~
~~(Aggregate Write-In for Other-Than-Invested Assets)~~

~~B. Change in Nonadmitted – Overfunded Plan Asset 496~~
~~Unassigned Funds 496~~

~~C. Unassigned Funds – Transition Liability 132~~
~~Liability for Pension Benefits 132~~

~~Prepaid Benefit Cost and Overfunded Plan Assets are both reflected as Aggregate Write-Ins for Other-Than-Invested Assets. However, Prepaid Benefit Cost can only be reduced with a corresponding income statement impact. Entry A, which uses a contra-asset, effectively results with a net elimination of the assets reported for the plan. (Reporting entities will need to continue to track these categories separately.) Entries A & B have a **ZERO surplus impact** and the third entry recognizes a liability for the unfunded ABO per the requirements of paragraph 93.b.~~

~~December 31, 2013 – Recognition of Net Periodic Pension Cost~~

~~After transition, recognition of net periodic pension cost includes: 1) service cost, 2) interest cost, 3) expected return on plan assets, 4) amortization of prior service cost included in unassigned funds, 5) amortization of gains and losses, and 6) amortization of any transition asset or obligation remaining in unassigned funds.~~

~~As noted in paragraph 93.b., if surplus deferral is elected at the transition date, subsequently, starting with the 2014 year-end financial statement, the reporting entity shall annually recognize the remaining surplus impact. As such, unless the entity elects to recognize the remaining surplus impact early (which is permitted under SSAP No. 102), there is no additional surplus impact from transition recognized as of December 31, 2013.~~

~~Components of Net Periodic Cost~~	**~~Dec. 31, 2013~~**
~~Service Cost~~	~~250~~
~~Interest Cost~~	~~100~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~300~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~Total Net Periodic Pension Cost~~	**~~318.70~~**

~~Note – This example assumes no changes in the amortization timeframe. As noted in footnote 5 of SSAP No. 102, unless otherwise impacted from SSAP No. 102, or in accordance with changes to the pension plan, the amortization of the unrecognized items into net periodic pension cost shall continue to follow the existing amortization schedules in effect on the transition date. Although the amortization of Prior Service Cost (assuming no additional changes) and non-vested Prior Service Cost will typically follow a straight-line amortization into Net Periodic Pension Cost, this is not the case for the Unrecognized Gains/Losses. The total amount of unrecognized gains/losses subject to amortization will continuously change due to changes in the discount rates, actuarial assumptions, differences between expected and actual return on assets, etc. In addition, unrecognized gains/losses are amortized into expense only to the extent that they exceed the 10% corridor (SSAP 102, paragraph 22). The 10% corridor is based on the greater of the PBO or the Fair Value of Plan assets, and these amounts are also continuously changing. Therefore, the amortization of the gain/loss will never occur on a straight-line basis using the corridor method described in paragraph 22. There is no "amortization schedule" in effect at transition date for the unrecognized gains/losses.~~

~~D. Liability for Pension Benefits 18.70~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Transition Liability 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.~~

~~E. Net Periodic Pension Cost 318.70~~
~~Prepaid Benefit Cost 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the unrecognized items. (As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.)~~

~~F. Overfunded Plan Asset 318.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 318.70~~

~~Entry reflects a reduction in the contra-asset recognized at transition at an amount equal to the reduction of prepaid benefit cost.~~

~~G. Change in Nonadmitted – Prepaid Benefit Cost 318.70~~
~~Unassigned Funds 318.70~~

~~H. Unassigned Funds 318.70~~
~~Change in Nonadmitted – Overfunded Plan Asset 318.70~~

~~Entries to reflect the change in nonadmitted assets for both entries "E" and "F." These entries offset.~~

~~I. Unassigned Funds 318.70~~
~~Liability for Pension Benefits 318.70~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Entry reflects the unfunded liability from the 2013 plan-related costs. This entry assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than expected, etc. An additional variation is **actual** return on plan assets different from **expected** return on plan assets. All of these factors will impact the year-end funded status and will also need to be recorded as part of entry "I" at year-end.~~

~~December 31, 2014 – Recognition of Deferred Transition Impact~~

~~In accordance with paragraph 93 of SSAP No. 102, the minimum amount recognized each subsequent year shall be an amount that reflects the conditions of paragraph 93.b. As such, the surplus recognized shall be the **greater of:**~~

	~~**Minimum Transition Liability**~~	
~~93.b.i.~~	~~10% of Calculated Surplus Impact at Transition~~	~~25.20~~
~~93.b.ii.~~	~~Anticipated Annual Amortization of "Unrecognized Items" (Assume 40-year Uniform Amortization)~~	~~18.70~~
~~93.b.iii.~~	~~Difference Between unfunded ABO and Accrued Benefit Cost/Fair Value of Plan Assets.~~ ~~(Dec. 31, 2014 - Fair value of plan assets together with the Liability for Pension Benefits exceed the ABO.)~~	–
	~~**Transition Liability**~~	~~**25.20**~~

~~(Previous note on amortization continues to apply.)~~

~~J. Unassigned Funds – Transition Liability 25.20~~
~~Liability for Pension Benefits 25.20~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Entry represents the minimum transition liability to be recognized subsequent to transition. (10% of the transition surplus impact is the greatest component of paragraph 93.b. as of Dec. 31, 2014.)~~

~~December 31, 2014 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2014**~~
~~Service Cost~~	~~100~~
~~Interest Cost~~	~~75~~
~~Expected Return on Plan Assets~~	~~(50)~~
~~Total~~	~~125~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**143.70**~~

~~(Previous note on amortization continues to apply.)~~

~~K. Liability for Pension Benefits 18.70~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Unassigned Funds – Transition Liability 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the unrecognized items recognized to unassigned funds as part of the transition guidance (even if recognized subsequent to initial recognition under the deferral option) for the amount that will be amortized into periodic pension cost for the current period.~~

~~L. Net Periodic Pension Cost 143.70~~
~~Prepaid Benefit Cost 143.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the unrecognized items. (As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.)~~

~~M. Overfunded Plan Asset 143.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 143.70~~

~~Entry reflects the change in overfunded plan assets as a reduction in the contra-asset to correspond with the change in net periodic pension cost. With this entry, the Prepaid Benefit Cost and Overfunded Plan Assets net to zero. This is appropriate as the plan is underfunded and a liability is reflected.~~

~~N. Change in Nonadmitted – Prepaid Benefit Cost 143.70~~
~~Unassigned Funds 143.70~~

~~O. Unassigned Funds 143.70~~

~~Change in Nonadmitted – Overfunded Plan Asset 143.70~~

~~Entries to reflect the change in nonadmitted assets for both entries "L" and "M." These entries offset.~~

~~P. Unassigned Funds 143.70~~
~~Liability for Pension Benefits 143.70~~
~~*(Aggregate Write-In for Liabilities)*~~

~~Entry reflects the full unfunded liability, including impact from the 2014 plan-related costs.~~

~~Note - This entry assumes no additional changes in the PBO or Fair Value of Plan Assets at year-end. In practice, there will always be changes in the year-end PBO due to changes in the discount rate used to calculate the PBO, actuarial demographics different than expected, etc. An additional variation is **actual** return on plan assets different from **expected** return on plan assets. All of these factors will impact the year-end funded status and will also need to be recorded as part of entry "P" at year-end.~~

~~January 1, 2015 – Recognition of Cash Contribution~~

	~~**Jan. 1, 2015**~~
~~**Contribution**~~	~~$900~~

~~Q. Prepaid Benefit Costs 900.00~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Cash 900.00~~

~~R. Liability for Pension Benefits 582.20~~
~~*(Aggregate Write-In for Liabilities)*~~
~~Overfunded Plan Asset 582.20~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~S. Unassigned Funds 900.00~~
~~Change in Nonadmitted – Prepaid Benefit Cost 900.00~~

~~T. Change in Nonadmitted – Overfunded Plan Asset 582.20~~
~~Unassigned Funds 582.20~~

~~With the cash contribution, the plan becomes overfunded with a prepaid benefit cost. The contribution directly increases the Prepaid Benefit Cost. The liability for pension benefits is eliminated, with an offset to the Overfunded Plan asset. The plan now has a NET overfunded plan asset of $223.~~

~~U. Unassigned Funds 94.80~~
~~Overfunded Plan Assets 94.80~~

~~As the surplus deferral was elected, with the overfunded status, per paragraph 93.b. of SSAP No. 102, the entity is required to recognize the deferred surplus impact from initial transition to the extent that the plan is overfunded. As the plan is overfunded by more than the remaining transition surplus impact, this entry recognizes the full remaining surplus impact deferred at transition.~~

~~V. Change in Nonadmitted – Overfunded Plan Assets 94.80~~
~~Unassigned Funds 94.80~~

~~Entry reflects the change in nonadmitted assets from entry U.~~

~~December 31, 2015 – Recognition of Net Periodic Pension Cost~~

~~**Components of Net Periodic Cost**~~	~~**Dec. 31, 2015**~~
~~Service Cost~~	~~100~~
~~Interest Cost~~	~~175~~
~~Expected Return on Plan Assets~~	~~(75)~~
~~Total~~	~~200~~
~~Amortization of:~~	
~~o Prior Service Cost~~	~~1.20~~
~~o Prior Service Cost (nonvested)~~	~~2.50~~
~~o Unrecognized Losses~~	~~15.00~~
~~Total~~	~~18.70~~
~~**Total Net Periodic Pension Cost**~~	~~**218.70**~~

~~(Prior amortization note continues to apply.)~~

~~W. Overfunded Plan Asset 18.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~
~~Unassigned Funds 18.70~~

~~This entry occurs prior to amortization of the transition items. This entry reverses a portion of the original transition entry for the amount that will be amortized into periodic pension cost for the current period.~~

~~X. Unassigned Funds 18.70~~
~~Change in Nonadmitted – Overfunded Plan Asset 18.70~~

~~Entry reflects the change in nonadmitted assets from entry "W."~~

~~Y. Net Periodic Pension Cost 218.70~~
~~Prepaid Benefit Cost 218.70~~
~~*(Aggregate Write-In for Other-Than-Invested Assets)*~~

~~This entry recognizes net periodic pension cost for the service cost, interest cost, expected return on plan assets and amortization of the unrecognized items. As the plan has a prepaid benefit cost, this will be reduced with the recognition of periodic cost.~~

~~Z. Change in Nonadmitted – Prepaid Benefit Cost 218.70~~
~~Unassigned Funds 218.70~~

~~Entry reflects the change in nonadmitted assets from entry "Y."~~

~~**Example 6 - Underfunded Plan with Prepaid Benefit Cost – Surplus Deferral, Unfunded ABO:**~~

	~~**Aggregate Write-In For Other-Than-Invested Assets**~~	~~**Change in Nonadmitted Assets**~~	~~**Net Periodic Cost**~~	~~**Unassigned Funds**~~	~~**Liability for Pension Benefits**~~	~~**Cash**~~

Ref #2023-21

	~~Overfunded Plan Asset~~	~~Prepaid Benefit Cost~~					
~~Existing Balance 12/31/2012 (This reflects pre-2012 Entries)~~		~~496 DR~~	~~496 CR~~[8]	–	~~496 CR~~ ~~496 DR~~	–	
~~Transition Entries – 1/1/2013~~							
~~A~~	~~496 CR~~				~~496 DR~~		
~~B~~			~~496 DR~~		~~496 CR~~		
~~C~~					~~132 DR~~	~~132 CR~~	
~~**Jan 1, 2013**~~	~~**496 CR**~~	~~**496 DR**~~	–	–	~~**132 DR**~~	~~**132 CR**~~	
~~**Jan. 1, 2013 – Net**~~	–		–	–	~~**132 DR**~~	~~**132 CR**~~	–
~~**Dec. 31, 2013:**~~							
~~D~~					~~18.70 CR~~	~~18.70 DR~~	
~~E~~		~~318.70 CR~~		~~318.70 DR~~[9]			
~~F~~	~~318.70 DR~~				~~318.70 CR~~		
~~G~~			~~318.70 DR~~		~~318.70 CR~~		
~~H~~			~~318.70 CR~~		~~318.70 DR~~		
~~I~~					~~318.70 DR~~	~~318.70 CR~~	
~~**Dec. 31, 2013**~~	~~**177.30 CR**~~	~~**177.30 DR**~~	–		~~**432.00 DR**~~	~~**432.00 CR**~~	
~~**Dec. 31, 2013 – Net**~~	–		–	–	~~**432.00 DR**~~	~~**432.00 CR**~~	–
~~**Dec. 31, 2014:**~~							
~~J~~					~~25.20 DR~~	~~25.20 CR~~	
~~K~~					~~18.70 CR~~	~~18.70 DR~~	
~~L~~		~~143.70 CR~~		~~143.70 DR~~[17]			
~~M~~	~~143.70 DR~~				~~143.70 CR~~		
~~N~~			~~143.70 DR~~		~~143.70 CR~~		
~~O~~			~~143.70 CR~~		~~143.70 DR~~		
~~P~~					~~143.70 DR~~	~~143.70 CR~~	
~~**Dec. 31, 2014**~~	~~**33.60 CR**~~	~~**33.60 DR**~~	–		~~**582.20 DR**~~	~~**582.20 CR**~~	
~~**Dec. 31, 2014 – Net**~~	–		–	–	~~**582.20 DR**~~	~~**582.20 CR**~~	–
~~**Jan. 1, 2015 – Contribution**~~							
~~Q~~		~~900 DR~~					~~900 CR~~
~~R~~	~~582.20 CR~~					~~582.20 DR~~	
~~S~~			~~900 CR~~		~~900 DR~~		
~~T~~			~~582.20 DR~~		~~582.20 CR~~		
~~U~~	~~94.80 CR~~				~~94.80 DR~~		
~~V~~			~~94.80 DR~~		~~94.80 CR~~		
~~**Jan. 1, 2015 – After Contribution**~~	~~**710.60 CR**~~	~~**933.60 DR**~~	~~**223.00 CR**~~		~~**900 DR**~~	~~—–~~	~~**900 CR**~~
~~**Jan. 1, 2015 – Net**~~	~~**223.00 DR**~~		~~**223.00 CR**~~	–	~~**900 DR**~~	~~——~~	~~**900 CR**~~

[8] ~~This reflects the change reported in prior years.~~

[9] ~~Since Net Periodic Cost closes to unassigned funds at the end of each year, the balance does not carry forward.~~

Ref #2023-21

~~Dec. 31, 2015:~~							
~~W~~	~~18.70 DR~~				~~18.70 CR~~		
~~X~~			~~18.70 CR~~		~~18.70 DR~~		
~~Y~~		~~218.70 CR~~		~~218.70 DR~~[17]			
~~Z~~			~~218.70 DR~~		~~218.70 CR~~		
~~Dec. 31, 2015~~	**~~691.90 CR~~**	**~~714.90 DR~~**	**~~23 CR~~**		**~~900 DR~~**		**~~900 CR~~**
~~Dec. 31, 2015 - Net~~	**~~23 DR~~**		**~~23 CR~~**	–	**~~900 DR~~**	–	**~~900 CR~~**

Staff Review Completed by: Jake Stultz, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 92 and SSAP No. 102 to remove the transition guidance that was no longer applicable as the ten-year effective period for that transition has ended.

On October 23, 2023, the Statutory Accounting Principles (E) Working Group adopted the exposed revisions, as illustrated above, to SSAP No. 92 and SSAP No.102 to remove the transition guidance that is no longer applicable as the ten-year effective period for that transition has ended.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneC5-23-21-Remove Transition Language.docx

Ref #2022-11

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Collateral for Loans

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:

This agenda item has been drafted to address an inconsistency regarding the collateral loan guidance in *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 21—Other Admitted Assets* (See excerpts in Authoritative Literature). These two statements contain guidance about unsecured and secured loans which is complementary.

SSAP No. 20 details the **nonadmitted assets status** of unsecured loans and loans secured by assets which do not qualify as investments. SSAP No. 20 also references write off and impairment guidance in *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets* for impaired and uncollectible loans. SSAP No. 20 provides that improperly collateralized loans include loans that do not have underlying assets that would otherwise qualify as **admitted assets** and stated that such loans are nonadmitted assets because the collateral would be of questionable economic value if needed to fulfill policyholder obligations. SSAP No. 20 includes similar nonadmission guidance regarding loans on personal security, cash advances to officers or agents and for travel advances.

SSAP No. 21 details the requirements for collateral loans which **can qualify to be admitted assets.** It provides that the collateral loan must be secured by the pledge of an investment. A footnote further describes that investment collateral would be of a type that would be in Section 3 of *Appendix A-001—Investments of Reporting Entities*. **SSAP No. 21 also references the nonadmission guidance in SSAP No. 20 for** collateral loans secured by assets that do not qualify as investments. The referenced guidance in SSAP No. 20 notes that the underlying assets must qualify as admitted assets.

Both SSAP No. 20 and SSAP No. 21 identify the need for adequate collateral that qualifies as an invested asset. SSAP No. 20 is explicit that the investment asset collateral must qualify as an admitted asset. Recent discussions with state regulators have highlighted that although SSAP No. 21 references the guidance in SSAP No. 20, that it would be beneficial to also note the need for the collateral to qualify as an admitted invested asset. This agenda item recommends a clarification to SSAP No. 21 that the acceptable invested asset collateral, for collateral loans must qualify as admissible invested assets.

Existing Authoritative Literature:

***SSAP No. 20—Nonadmitted Assets* (Bolding added for emphasis):**

4. Consistent with paragraph 2, the following assets shall be nonadmitted:

   a. Deposits in Suspended Depositories—Amounts on deposit with suspended depositories may not be fully recoverable. Any amounts not reasonably expected to be recovered shall be written off in accordance with *SSAP No. 5R—Liabilities, Contingencies and*

Impairments of Assets. Amounts in excess of that written off shall be nonadmitted as they are not available to satisfy obligations to policyholders;

b. **Bills Receivable Not for Premium and Loans Unsecured or Secured by Assets That Do Not Qualify As Investments**—In accordance with SSAP No. 5R, amounts determined to be uncollectible or otherwise impaired shall be written off. Amounts in excess of that written off are not considered to be properly collateralized **as there are no underlying assets which would otherwise be admitted assets. Such amounts shall be nonadmitted as they may be of questionable economic value if needed to fulfill policyholder obligations. Receivables arising from working capital finance programs designated by the Securities Valuation Office are subject to the guidance in *SSAP No. 105R—Working Capital Finance Investments*;**

c. **Loans on Personal Security, Cash Advances To, Or In The Hands Of, Officers Or Agents And Travel Advances**—In accordance with SSAP No. 5R, amounts determined to be uncollectible or otherwise impaired shall be written off. Amounts in excess of that written off typically are **unsecured and as such have no underlying assets which would otherwise be admitted assets. Such amounts shall be nonadmitted as they may be of questionable economic value if needed to fulfill policyholder obligations. Some of these items may also be considered prepaid expenses which, per *SSAP No. 29—Prepaid Expenses*, are nonadmitted;**

d. All "Non-Bankable" Checks—Examples of "non-bankable" checks are NSF (non-sufficient funds) checks, post-dated checks, or checks for which payment has been stopped. Although these checks may still maintain probable future benefits (and thus meet the definition of assets), at the date on which they are non-bankable they are not available for policyholder obligations and shall be nonadmitted until the uncertainty related to the probable future benefit is resolved and the checks are converted to available funds;

e. Trade Names And Other Intangible Assets[1]—These assets, by their nature, are not readily marketable and available to satisfy policyholder obligations and shall be nonadmitted;

f. Automobiles, Airplanes and Other Vehicles—Automobiles, airplanes and other vehicles meet the definition of assets established in SSAP No. 4. However, they are not readily available to satisfy policyholder obligations and as a result the undepreciated portion shall be nonadmitted. The accounting for these assets shall be consistent with the accounting for equipment provided in *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements* or for commercial airplane leveraged leases, refer to the guidance in *SSAP No. 22R–Leases*;

g. Company's Stock as Collateral for Loan—When a reporting entity lends money and accepts its own stock as collateral for the loan, it shall report the amount of the loan receivable and any related accrued interest on the loan as a nonadmitted asset. The asset is nonadmitted as the collateral could not be used to satisfy the obligation in the event of default.

Footnote 1: Defensible intangible assets are defined as an intangible asset acquired in a business combination or an asset acquisition that an entity does not intend to actively use but does intend to prevent others from using. These may also be referred to as a "locked-up asset" because while the asset is not being actively used, it is likely contributing to an increase in the value of other assets owned by the entity. These assets are not readily available to satisfy policyholder obligations and shall be nonadmitted.

Ref #2022-11

SSAP No. 21 – Revised—Other Admitted Assets **(Bolding added for emphasis)**

Collateral Loans

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of an investment[2] and meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*;

b. **Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset.**

Footnote 1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26R—Bonds* includes securities (as defined in that statement) representing a creditor relationship whereby there is a fixed schedule for one or more future payments. Investments captured in SSAP No. 26R that are also secured with collateral shall continue to be captured within scope of SSAP No. 26R.

Footnote 2: Investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities*.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): Not applicable.

Staff Review Completed by: Robin Marcotte – NAIC Staff – July 2022

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose the revisions to SSAP No. 21R, illustrated below, which clarify that the invested assets pledged as collateral for admitted collateral loans must qualify as admitted invested assets.

Ref #2022-11

Proposed revisions to ***SSAP No. 21 – Revised—Other Admitted Assets***

Collateral Loans

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of a~~n~~ qualifying investment[2] and meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*;

b. Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments which would otherwise be admitted shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset.

Footnote 1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26R—Bonds* includes securities (as defined in that statement) representing a creditor relationship whereby there is a fixed schedule for one or more future payments. Investments captured in SSAP No. 26R that are also secured with collateral shall continue to be captured within scope of SSAP No. 26R.

Footnote 2: A qualifying ~~I~~investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities* which would ~~.~~if held by the insurer would qualify for admittance. For example, if the collateral would not qualify for admittance under SSAP No. 4 due to encumbrances or other third-party interests, then it does not meet the definition of "qualifying" and the collateral loan, or any portion thereof which is not adequately collateralized, is not permitted to be admitted.

Status:
On August 10, 2022, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 21R to clarify that invested assets pledged as collateral for admitted collateral loans must qualify as admitted invested assets.

On December 13, 2022, the Working Group re-exposed revisions to SSAP No. 21R to clarify that invested assets pledged as collateral for admitted collateral loans must qualify as admitted invested assets.

On March 22, 2023, the Statutory Accounting Principles (E) Working Group exposed revisions to SSAP No. 21R which clarify that the invested assets pledged as collateral for admitted collateral loans must qualify as admitted invested assets. These revisions clarify that for specific investments, the comparison for admittance is between the net equity audited value of the pledged collateral to the collateral loan balance. In addition, a consistency revision to *SSAP No. 20—Nonadmitted Assets*, paragraph 4.b. was exposed.

Ref #2022-11

On August 13, 2023, the Statutory Accounting Principles (E) Working Group re-exposed this agenda item to allow additional time to submit additional comments regarding the measurement of collateral pledged from SSAP No. 48 and SSAP No. 97 entities, as requested by industry.

March and August 2023 exposed revisions to *SSAP No. 20—Nonadmitted Assets:*

4. Consistent with paragraph 2, the following assets shall be nonadmitted:

b. Bills Receivable Not for Premium and Loans Unsecured or Secured by Assets That Do Not Qualify As Admitted Investments—In accordance with SSAP No. 5R, amounts determined to be uncollectible or otherwise impaired shall be written off. Amounts in excess of that written off are not considered to be properly collateralized as there are no underlying assets which would otherwise be admitted invested assets. Such amounts shall be nonadmitted as they may be of questionable economic value if needed to fulfill policyholder obligations. Receivables arising from working capital finance programs designated by the Securities Valuation Office are subject to the guidance in *SSAP No. 105R—Working Capital Finance Investments*;

March and August 2023 exposed revisions to *SSAP No. 21 – Revised—Other Admitted Assets* with new wording shown tracked and shaded below.

Collateral Loans

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of a~~n~~ qualifying investment[2] and meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*;

b. Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments which would otherwise be admitted shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. For qualifying investments which are pledged as collateral that would be in the scope of SSAP No. 48 or SSAP No. 97 if held directly by the reporting entity, such as joint ventures, partnerships and limited liability companies and investments that would qualify as SCAs if held directly, the proportionate audited equity valuation shall be used for the comparison for the adequacy of pledged collateral. If the collateral loan exceeds the audited equity valuation of these pledged investments, then the excess shall be nonadmitted.

Footnote 1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26R—Bonds* includes securities (as defined in that statement) representing a creditor relationship whereby there is a fixed schedule for one or more future payments. Investments captured in SSAP No. 26R that are also secured with collateral shall continue to be captured within scope of SSAP No. 26R.

Footnote 2: A qualifying ~~I~~investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities* which would ~~-~~if held by the insurer qualify for admittance. For example, if the collateral would not qualify for admittance under SSAP No. 4 due to encumbrances or other third-party interests, then it does not meet the definition of "qualifying" and the collateral loan, or any portion thereof which is not adequately collateralized, is not permitted to be admitted. In the cases where the collateral is an equity/unit investment in a joint venture, partnership, limited liability company, and or SCA is pledged as collateral in a collateral loan, audited financial statements on a consistent annual basis are always required in accordance with SSAP No. 48 and or SSAP No. 97.

On October 23, 2023, the Statutory Accounting Principles (E) Working Group adopted the revisions to SSAP No. 20 and SSAP No. 21R illustrated below. The revisions to SSAP No. 20 are consistency revisions. The revisions to SSAP No. 21R provide more detail on qualifying collateral, require information to support fair value of collateral to be available on request, and provide audit transition guidance for collateral of pledged SSAP No. 48 and SSAP No. 97 entities. The shaded revisions to paragraph 4b and to paragraph 22 are different from the prior exposure.

Adopted revisions to *SSAP No. 20—Nonadmitted Assets* (unchanged from March 2023 exposure):

4. Consistent with paragraph 2, the following assets shall be nonadmitted:

   b. Bills Receivable Not for Premium and Loans Unsecured or Secured by Assets That Do Not Qualify As Admitted Investments—In accordance with SSAP No. 5R, amounts determined to be uncollectible or otherwise impaired shall be written off. Amounts in excess of that written off are not considered to be properly collateralized as there are no underlying assets which would otherwise be admitted invested assets. Such amounts shall be nonadmitted as they may be of questionable economic value if needed to fulfill policyholder obligations. Receivables arising from working capital finance programs designated by the Securities Valuation Office are subject to the guidance in *SSAP No. 105R—Working Capital Finance Investments*;

Adopted revisions to ***SSAP No. 21 – Revised—Other Admitted Assets* for Collateral Loans** (new wording shown tracked and shaded)

Guidance previously exposed as shaded in paragraph 4.b. of SSAP No. 21 has been replaced with new shaded guidance. Paragraph 22 has new shaded guidance. Prior tracking was adopted by the Working Group discussion remains.

- Other tracking reflects the current exposure.

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of a~~n~~ qualifying investment[2] and meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

   a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*;

b. Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments which would otherwise be admitted shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral, which shall be made available to the applicable domiciliary regulator and independent audit firm upon request.

Footnote 1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26R—Bonds* includes securities (as defined in that statement) representing a creditor relationship whereby there is a fixed schedule for one or more future payments. Investments captured in SSAP No. 26R that are also secured with collateral shall continue to be captured within scope of SSAP No. 26R.

Footnote 2: A qualifying ~~I~~investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities* which would, if held by the insurer, qualify for admittance. For example, if the collateral would not qualify for admittance under SSAP No. 4 due to encumbrances or other third-party interests, then it does not meet the definition of "qualifying" and the collateral loan, or any portion thereof which is not adequately collateralized, is not permitted to be admitted. In the cases where the collateral is an equity/unit investment in a joint venture, partnership, limited liability company, and/or SCA is pledged as collateral in a collateral loan, audited financial statements on a consistent annual basis are always required in accordance with SSAP No. 48 and or SSAP No. 97.

Effective Date and Transition

22. This statement is effective for years beginning January 1, 2001. A change resulting from the adoption of this statement shall be accounted for as a change in accounting principle in accordance with SSAP No. 3—Accounting Changes and Corrections of Errors. The guidance for structured settlements when the reporting entity acquires the legal right to receive payments is effective December 31, 2018. The clarification regarding audits of qualifying collateral pledged for collateral loans in the footnote 2 to paragraph 4 requires applicable audits to be obtained for the 2023 reporting period in the subsequent year. In periods after year-end 2023, the audits of equity collateral pledged for collateral loans are required to be obtained for the reporting year in which it was pledged and annually thereafter. The annual audit lag shall be consistent from period to period.

Draft: 10/9/23

Statutory Accounting Principles (E) Working Group
Virtual Meeting
September 21, 2023

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force met Sept. 21, 2023. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Sheila Travis (AL); Kim Hudson (CA); Michael Estabrook (CT); Tom Hudson (DE); Cindy Andersen (IL); Melissa Gibson (LA); Judy Weaver (MI); Doug Bartlett (NH); Bob Kasinow (NY); Diana Sherman (PA); Jamie Walker (TX); Doug Stolte and David Smith (VA); and Amy Malm (WI).

1. Reviewed Comments on Exposed Items

The Working Group met to review comments received (Attachment One-D1) on items exposed at the Summer National Meeting.

A. Agenda Item 2023-12

Bruggeman directed the Working Group to agenda item *2023-12: Residuals in SSAP No. 48 Investments*. Julie Gann (NAIC) stated that this agenda item proposed revisions to clarify the scope and reporting for investment structures that represent residual interests within statutory accounting principles. Previously, the Working Group incorporated guidance in *Statement of Statutory Accounting Principles (SSAP) No. 43R—Loan-Backed and Structured Securities* to address the reporting of residual interests because they are most common in securitization structures within the scope of SSAP No. 43R and that guidance specified that they should be captured on designated reporting lines on Schedule BA. Gann stated that residual interests could occur in other structures that could be captured in *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*. She stated that this agenda item proposed revisions to SSAP No. 48 as well as corresponding revisions to SSAP No. 43R and narrative changes to the *Annual Statement Instructions,* which clarify that all residual interests should be captured on the dedicated Schedule BA reporting lines.

Gann said the Working Group received comments from interested parties, proposing minor edits to the *Annual Statement Instructions* and for clarity of the effective date. Gann stated that the guidance is expected to be applied for year-end 2023 since it is only a reporting change. Gann stated that it is not proposed to capture the explicit effective date in the guidance, but the Dec. 31, 2023, effective date will be noted in the agenda item in the status update. NAIC staff recommended that the Working Group adopt the exposed revisions to SSAP No. 48, SSAP No. 43R, and the *Annual Statement Instructions* with the modifications from interested parties to clarify that all residuals should be on Schedule BA in the dedicated reporting lines. Furthermore, Gann stated there is a little bit of back and forth between the new bond definition and the definition of residuals, and it has been noted once the bond definition is formally in effect on Jan. 1, 2025, a subsequent agenda item can propose updates to reference the bond definition within the residual guidance. She stated that interested parties also provided comments asking what sorts of structures could have residual interest. Gann stated that given the principles-based nature of the residual definition, NAIC staff included comments on page 4 of the agenda stating they are not intending to name specific investments as in or out of the scope of having a residual interest. She said those comments do not revise the guidance proposed to be adopted during this meeting.

Rose Albrizio (Equitable), on behalf of interested parties, stated that they appreciate the clarification of the effective date.

Walker made a motion, seconded by Kim Hudson, to adopt the exposed edits in agenda item 2023-12 with the interested parties' modifications to the annual statement instructions and to state in the Form A that it is effective Dec. 31, 2023 (Attachment One-D2). The motion passed unanimously.

B. INT 23-02

Bruggeman directed the Working Group to *Interpretation* (*INT) 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax*. Robin Marcotte (NAIC) stated that in August, the Working Group exposed the tentative consensuses in INT 23-02 to provide temporary guidance for the third quarter reporting for corporate alternative minimum tax (CAMT). The exposed interpretation recommends that for third quarter of 2023, reporting entities should disclose whatever information is available and whether the entity expects to be an applicable entity that is required to do the tentative CAMT calculation. If the reporting entity can make a reasonable CAMT estimate, this should be disclosed for the third quarter of 2023. Entities should also disclose if a reasonable estimate is not possible. Marcotte stated that INT 23-02 builds on the previously adopted *INT 22-02: Third Quarter 2022 through Second Quarter 2023 Reporting of the Inflation Reduction Act – Corporate Alternative Minimum Tax*. She stated INT 22-02 and INT 23-02 do not require accrual of a CAMT liability for the applicable reporting periods. Marcotte stated that for the third quarter of 2023, some entities may be able to estimate their CAMT. She stated that interested parties' comments noted support for the deferral of statutory accounting until permanent guidance is adopted. Marcotte stated that the Working Group is working on permanent guidance, which is the next agenda item 2023-04. She stated that interested parties noted support for INT 23-02 with minor edits, which are shown in their comment letter. Marcotte stated that NAIC staff recommend adopting the exposed INT 23-02 with the edits recommended by interested parties. She noted that the proposed revisions are minor and do not change the overall principles that were exposed. Marcotte stated that INT 23-02 would be effective immediately to allow for third-quarter 2023 application and would automatically be nullified on Nov. 16, 2023, after third-quarter filings are due. Marcotte reviewed the revisions included in INT 23-02, which included more accurately describing the CAMT, the deletion of a duplicative sentence, minor clarifications about estimates and subsequent events, and editorial items.

Aimee Hoke (Nationwide), on behalf of interested parties, stated appreciation for the extension of not requiring CAMT liability accrual for third-quarter until the final proposed year-end guidance is created.

Kasinow made a motion, seconded by Malm, to adopt INT 23-02 as exposed with the revisions (Attachment One-D3). The motion passed unanimously, which met the policy statement super majority voting requirements for this item.

C. Agenda Item 2023-04 on INT 23-03

Bruggeman directed the Working Group to agenda item 2023-04: Corporate Alternative Minimum Tax Guidance. Marcotte stated that the Working Group exposed the tentative consensus in *INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax* to provide guidance for year-end 2023 and periods thereafter. She said it is recommended to be in an INT rather than an SSAP. Marcotte stated that the federal Inflation Reduction Act was passed in 2022, and the CAMT goes into effect beginning with the 2023 tax year. The CAMT only applies to corporations determined on a tax-controlled basis with an average adjusted financial statement income in excess of $1 billion for the three prior taxable years. She stated that in some cases, for certain foreign-parented corporations, the threshold goes down to $100 million. The CAMT is assessed at the consolidated return level using book income. Once a corporation is an applicable corporation, it will remain an applicable corporation unless certain very limited exceptions apply. She stated that corporations calculate their CAMT and compare that to the regular tax liability and pay the higher amount. She stated that payment of the tax results in a tax credit that does not expire. However, the tax credit can only be used to pay federal taxes, which are above the CAMT amount.

Marcotte stated that interested parties provided several proposed clarifications and edits that were explained well in their comment letter in the meeting materials (Attachment One-D1). She stated that NAIC staff recommend the Working Group adopt INT 23-03, effective for year-end 2023, with the edits from interested parties with the minor variations noted from NAIC staff, and after the Working Group provides direction regarding edits to the transition guidance in paragraph 37b. She stated that NAIC staff incorporated almost all the interested parties' recommended edits, particularly the edits that provided more specific or more accurate tax terminology. She noted that the INT recommended for adoption had the following differences from interested parties' proposed revisions: 1) did not replace CAMT credit carryforwards with CAMT credit deferred tax assets (DTAs) in all places; 2) did not add additional acronyms; 3) worded one revision in the positive instead of the negative; 4) added a suggested footnote regarding non-RBC filers; and 5) included other minor editorial items. She stated that although INT 23-03 had several proposed clarifications, the overall clarifications were technical in nature and did not change the overall principles exposed.

Hoke stated that interested parties appreciate the Working Group's consideration of the proposed edits and that most of the interested parties' comments were about tax terminology and providing specific language.

Bruggeman directed the Working Group to the interested parties' proposed edits to INT 23-03, paragraph 37b. He stated that this has been referred to as transition guidance, especially for the year-end 2023 filing tax allocation or tax sharing agreements. Bruggeman stated that there are some challenges and that industry wants certainty for scenarios in which they filed their revised or new tax allocation agreement sometime before year-end 2023, and the state insurance regulator's letter of either approval or non-disapproval does not come until after year-end 2023. He noted that the questions are on the application of *SSAP No. 9—Subsequent Events*. Bruggeman stated that if the tax allocation agreement was filed before year-end and the approval happens before year-end, there is no subsequent event. As for what happens if the letter comes after year-end, he stated that it can be broken down further by when that approval or non-disapproval comes. Bruggeman stated that if the approval comes before companies file their year-end statements, they follow the agreement.

Bruggeman stated that if the letter comes after they file the year-end financial statements, it becomes a complicated matter that the Working Group needs to work out. He posed the question of what a company does if a state has not given them an answer by Feb. 28 (the day before the March 1 filing deadline). He stated that, technically, per SSAP No. 9, without approval or non-disapproval, the company would follow whatever existed before that Form D filing. Bruggeman stated that he thinks this is what industry would like to get adjusted, for some certainty, within INT 23-03. He stated that the question to consider is whether a company can assume their domestic state will eventually approve, as they filed the Form D and their annual statement as such. Bruggeman stated that it would be a pseudo SSAP No. 9 Type 1 event. Second, if the approval comes after they filed the statement doing that pseudo Type 1 event, like March 1, but the final approved agreement is slightly different than what was filed and reported on at year-end 2023, can the company treat that change as a Type 2 subsequent event, which would mean pushing that change through the first quarter 2024 statement and not amend the annual statement. Being able to treat the difference between the initially filed contract and the approved contract as a Type 2 event would mean that the company does not have to worry about the audited financial statement being different.

Bruggeman stated that for a major difference from the Form D filing to approval, it would be a discussion or documentation of whether that change is then a Type 1 or Type 2 event to be handled in accordance with SSAP No. 9. He stated that if the Working Group chose to not do anything when the approval letter does not come by the filing due date when the company eventually gets the approval, it would be a Type 1 subsequent event and they would have to amend each company's year-end statement to what was approved, even if the approval were very similar to what was filed. He stated that there could be a lot of impacted companies because the CAMT is a big company and big company group issue. There could be multiple companies involved.

Bruggeman stated that if the company decides to file the Form D after Dec. 31, then the domestic state needs to work with a company to be able to use the main parts of INT 23-03. He stated that the normal process is 30 days for approval under the *Insurance Holding Company System Regulatory Act* (#440). He stated that the Working Group needs to discuss if they want to include guidance in the interpretation for situations in which the approval takes longer than 30 days. Alternatively, the domiciliary regulator can tell the company it will need to decide on an individual basis whether it should file as if the Form D filed is a pseudo Type 1 event, and the state will eventually send the company its letter of approval or non-disapproval, as the state finishes the review. He stated that there may be a few states that are not comfortable putting a timing event that is closer related to a Model #440 situation than it is to statutory accounting.

Walker stated that she is struggling with putting this sort of guidance in INT 23-03 because it is a domestic regulator issue, and nothing would prevent the companies from talking to the domestic regulator to get what they are putting in here cleared through the domestic regulator, as it is originally drafted. She further stated whereas if they get confirmation from the domestic regulator that there is no objection to using the new tax allocation agreement they can do that with or without this language being in INT 23-03, and it appears that it is a one-year problem to resolve. She stated that she would not want to put a requirement on the domestic regulator to firmly tell companies not to use the agreement if the domestic regulator has not had the opportunity to complete its review. Walker stated that the burden should not be on the regulator to notify the company that they cannot use an agreement that has not completed the process yet.

Bruggeman proposed a situation to Walker where there are multiple companies across multiple states, and, for example, Ohio is the lead state, and Texas is the supplemental state. If Texas is not comfortable just yet, but Ohio is, Bruggeman asked what her thoughts were on the timing of where one company can file it as a known Type 1 event and the other company cannot because they have not heard from their state. Walker stated she hoped the company would talk to her, and depending upon what our concerns are and where we are in the process, she would either be able to say she had no objection or that she had concerns about the methodology in the tax allocation. She noted that, hopefully, the filings will be clear, and they will be able to be reviewed within 30 days. She said the key to this is communicating with the domestic regulator to work through the process. She noted that this is also a situation where regulators should coordinate to work together. She noted that she struggled with the idea of putting in language that could impede the state. Bruggeman commented that is the fine line. He wants to provide accounting direction and not interfere with the state or its application of Model #440.

Clark agreed with Walker that with the originally exposed INT 23-03, paragraph 37b language that allows the domestic regulator to, in writing, say they do not object to using the accounting while the agreement is under review. He stated that should be sufficient so that the company can work with their regulator. He noted support for the originally exposed language.

Bruggeman proposed a scenario where the regulator is not able to give approval or non-disapproval before the final due date and does not object to using the tax agreement as filed on Form D in the year-end financial statement. He inquired whether, after a company receives approval and there is a slight change, whether states will accept a Type 2 subsequent event instead of an amended year-end statement. Walker stated she would be fine with that, assuming if, for example, Texas required a change that would need to cascade through all the other states that have also already approved it. Clark stated he would agree, and he is not sure it would have to be an insignificant change if the regulator approved the use of the pending agreement for accounting purposes for the year-end financial statements. He stated he would be fine with any change from there on being a Type 2 subsequent event. Bruggeman stated what he is hearing is that as long as you get the definitive approval from the domestic state, in writing, to file their annual statement using the tax sharing agreement as filed in the Form D, even before the approval or non-disapproval, and that when the approval or non-disapproval does come, and there was a change, that that change would be a Type 2 subsequent event and be made in the first quarter of 2024. Bruggeman stated that is what was exposed.

Marcotte stated that what was exposed was that when the domestic regulator has confirmed that they have no objections to using the tax allocation amendment or new agreement while under review, then the company should be allowed to apply that accounting at year-end. She stated that paragraph 37a notes that companies that do not have the CAMT in their tax allocation agreement now will need to amend it and that it would be under a Form D filing under Model #440. She stated that paragraph 37b says that either the company has the tax allocation agreement updates approved prior to year-end or their domestic regulator has confirmed they have no objections to using it while under review. She stated that paragraph 37c goes into a discussion about whether the final agreement differs from what was originally requested and how to record that difference. She stated that if the Form D approval occurs after the balance sheet date but before the issuance of the statutory financial statements and before the date the audited financial statements are issued or available to be issued, that would be a Type 1 event. If the Form D approval occurs after the period, which is defined as a subsequent event in SSAP No. 9, the difference created by the approval is recognized and disclosed in the period given. The transition of guidance does not apply if the Form D is not filed prior to the end of the year in 2023. She stated that, under SSAP No. 9, there are three periods to be concerned about. Dec. 31 is the reporting date, March 1 is the filing date, and you also must worry about the June 1 audit filing. So, if approved before issuance, then it goes in the financial statements; if not approved until after issuance, then put the changes in the financial statements in the period that the revisions are approved.

Bruggeman stated that the onus is getting some definiteness that the domestic state will approve reporting the tax sharing agreement as in their annual statement as submitted in the Form D filing, even without a formal approval or disapproval on that Form D. He stated that the Working Group has the option to approve everything in INT 23-03 and exclude the transition paragraph 37b. If the Working Group chooses that option, reporting entities need to obtain confirmation from your domestic state that you can file, and you put it in your financial statements what has been filed, and in review, and use that as a pseudo Type 1 event as if it's been approved. Then, paragraph 37c jumps in when it is approved later; then, it is a Type 2 event.

Marcotte stated that the interested parties' wording was that the domiciliary regulator has not provided written objections to using the tax allocation agreement amendment while under review. The exposed wording was that the domiciliary regulator has confirmed that they have no objections to using the tax allocation agreement while under review. It is either whether one is comfortable with the domiciliary regulator having confirmed they have no objections to using it while under review, or the second one is that the domiciliary regulator has not acted and has not provided written objections.

Bruggeman stated that Walker wants to have more of a definitive discussion. Bruggeman said Walker confirmed she has no objections to using the file tax allocation agreement in the financial statement. Walker stated she would be supportive of the language as exposed originally and removing the interested parties' proposed language. Bruggeman asked if other Working Group members support the original language. He stated that this is only in cases when it is in review status, and the company is ready to file its financial statements and wants to know what it needs to do. Kim Hudson, Clark, and Malm stated support for using the original language of paragraph 37b.

Andersen stated that the language should include a friendly amendment stating that the confirmation should be in writing. Walker agreed with this recommendation.

Hoke stated that interested parties are concerned that the written confirmation requirement will escalate to a permitted practice and that state insurance regulators might not be willing to provide written confirmation while a tax allocation agreement is under review.

Bruggeman stated the written confirmation is so that what was filed as in the annual statement can be used, not that the agreement is approved or not approved. He stated that the state has confirmed its approval to use the as-filed tax agreement. Bruggeman stated that he would not consider that a permitted practice. Clark agreed, stating that it would not be a permitted practice because it is not a deviation. He stated that if a state insurance regulator was unwilling to provide that confirmation, then that is their authority. It is not the Working Group's place to override that authority.

Marty Carus (Marty Carus Consulting) asked whether an email is acceptable as written communication. Bruggeman confirmed that emails are considered written communication. Kasinow stated it does add another step to the Form D process, but they can certainly see the usefulness in the written communication. He stated that if the Superintendent does not disapprove, they can go forward.

Walker made a motion, seconded by Clark, to adopt as exposed with the editorial changes to everything except paragraph 37.b. and to leave the as-exposed paragraph 37.b., including the friendly amendment that the confirmation must be in writing (Attachments One-D4 and One-D5). The Working Group agreed that the sentence under discussion in paragraph 37.b. would read: "Accordingly, if a reporting entity files the applicable Form D request(s) for tax allocation agreement amendment or a new tax allocation agreement prior to the end of 2023 to address the CAMT for 2023 and subsequent taxable years, and the domiciliary regulator has confirmed in writing that they have no objections to using the new tax allocation agreement amendment or new tax allocation agreement, while under review." The motion passed unanimously, which met the policy statement super majority voting requirements for this item.

2. Discussed Other Matters

   A. Agenda Item 2023-22

Marcotte stated that agenda item 2023-22, Actuarial Guideline 51 and Appendix A-010 Interaction, was exposed at the Summer National Meeting and referred to the Valuation Analysis (E) Working Group and to the Long-Term Care Actuarial (B) Working Group. She said this item included minor revisions to *SSAP No. 54R—Individual and Group Accident and Health Contracts* and an illustration. Marcotte stated that NAIC staff and actuaries would like to expand the illustration to show more steps. This item will likely have an interim e-vote to re-expose with an expanded illustration.

   B. Agenda Item 2023-15

Marcotte stated that the comment deadline for agenda item 2023-15: IMR Specific Allocations was extended to Oct. 18.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

Statutory Accounting Principles (E) Working Group
September 21, 2023
Comment Letters Received

TABLE OF CONTENTS

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September 12, 2023

Mr. Dale Bruggeman, Chairman
Statutory Accounting Principles Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

RE: Interested Parties Comments on Items Exposed for Comment with Comments due September 12

Dear Mr. Bruggeman:

Interested parties appreciate the opportunity to comment on the following items that were exposed for comment during the NAIC National Meeting in Seattle by the Statutory Accounting Working Group (the Working Group).

Ref # 2022-11: Collateral for Loans

The Working Group re-exposed this agenda item to allow additional time to submit additional comments regarding the measurement of collateral pledged from SSAP No. 48 and SSAP No. 97 entities, as requested by industry.

Interested parties extend our appreciation to the Working Group for the additional 30 days to consider exposure Reference No. 2022-11—*Collateral for Loans* (the "exposure") and for the opportunity to submit a new comment letter. After further consideration of the exposure, in light of the discussion at the August 13, 2023 Working Group meeting, interested parties continue to support the clarification that collateral pledged to secure a collateral loan must qualify as an admitted asset for the collateral loan itself to qualify as an admitted asset. Therefore, we continue to support the specific clarification that when the collateral pledged to secure a collateral loan would be in the scope of SSAP No. 48 or SSAP No. 97 if held directly by the reporting entity, audited financial statements are required for the collateral (and thus the collateral loan) to qualify as an admitted asset.

Interested parties also agree there should not be optionality in the guidance; however, we believe that fair value, not audited equity value, is the most appropriate measure of the sufficiency of collateral. Fair value is the most representative measure of the value of assets that would be available to support policyholder liabilities in the event a reporting entity forecloses on the pledged collateral. Fair value also reflects the basis that a reporting entity would use to recognize the collateral in its financial statements in the event of foreclosure and the basis used to test collateral loans for impairment. As a result, interested parties propose the following revision to the exposure, which would eliminate the exposed change to the valuation basis used for the collateral test for these types of collateral loans (the underlined red text is the Working Group's currently exposed changes).

b. Nonadmitted Asset – In Accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments which would otherwise be admitted shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. ~~For qualifying investments which are pledged as collateral that would be in the scope of SSAP No. 48 or SSAP No. 97 if held directly by the reporting entity, such as joint ventures, partnerships and limited liability companies and investments that would qualify as SCAs if held directly, the proportionate audited equity valuation shall be used for the comparison for the adequacy of pledged collateral. If the collateral loan exceeds the audited equity valuation of these pledged investments, then the excess shall be nonadmitted.~~ To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral, which shall be made available to the applicable domiciliary regulator and independent audit firm upon request.

Interested parties understand that some insurance regulators have expressed concerns about the uncertainty inherent in fair value measurements, particularly Level 2 and Level 3 measurements, due to the use of unobservable inputs and assumptions, and therefore, would like to see an additional level of third-party validation applied to the fair value measurement of the collateral securing these types of collateral loans. However, we note that these fair value measurements are subject to the same valuation standards per SSAP No. 100R – *Fair Value Measurements*, as all other investments carried at fair value, lower of cost or fair value, or for which the fair value is disclosed in the annual statements and audited financial statements, many of which are also Level 2 and Level 3 measurements. Therefore, interested parties believe it would be appropriate to continue to apply a consistent standard of valuation for all types of investments. Furthermore, interested parties note that the guidance in SSAP No. 21R, which requires the fair value of collateral to equal or exceed the carrying value of the collateral loan, represents an accounting assertion that is subject to audit by each reporting entity's independent auditor. As a result, the fair value measurements underpinning the collateral test are already subject to third-party validation by independent audit firms that either employ qualified valuation experts or would seek the expertise of qualified valuation experts when auditing the admissibility of a reporting entity's collateral loans. Interested parties believe this, along with the clarified requirement for reporting entities to obtain audited financial statements for underlying collateral that represents an interest in an entity within the scope of SSAP No. 48 or SSAP No. 97, provides an appropriate level of assurance and third-party validation that should sufficiently address regulators' concerns without the need to impose a greater cost burden on reporting entities in the form of additional third-party validation requirements..

In summary, interested parties support the proposed clarifications to SSAP No. 21R; however, we believe that fair value remains the best and most appropriate measure of the sufficiency of collateral pledged to secure collateral loans, and we believe the independent audit process provides the necessary level of assurance around these fair value measurements. As a result, we respectfully request that the Working Group revise the exposure to allow reporting entities to continue to use fair value consistently for all types of collateral loans and to continue to apply valuation frameworks and methodologies consistent with current practices and the guidance in SSAP No. 100R.

Ref #2023-12: Residuals in SSAP No. 48 Investments

The Working Group exposed several revisions in the updated July 2023 recommendation. The updated recommendation was based on interim discussions and coordination with industry representatives. We offer the following comments:

For clarity and consistency's sake, once the new bond definition in SSAP Nos. 26R and 43R is effective, ABS Issuer can replace the definition of a residual in SSAP No. 43R paragraph 27 and SSAP No. 48 paragraph 19.

As the Form A for Ref #2013-12 would be effective immediately, we suggest that the effective date of December 21, 2023, be noted in the Form A, as that is what we understand the intent to be. This will give companies time to review their investment portfolios.

We also note that the proposed revisions to Annual Statement Instructions guidance is considered to be accounting in nature as it includes a partial definition of what is meant by "residual". As part of Ref #2023-01: Review Annual Statement Instructions for Accounting Guidance, NAIC staff is proceeding with a broad project to review the annual statement instructions and ensure accounting guidance is included in the related SSAPs. The focus of this project is to ensure that the annual or quarterly statement instructions are not the source of statutory accounting guidance. Although the annual statements is not the source of this accounting guidance, inclusion of part of the guidance could be misleading. We suggest the following section highlighted in yellow be deleted.

Schedule BA Annual Statement Instructions:

<u>Residual Tranches or Interests with Underlying Assets Having Characteristics of:</u>
Investment in Residual Tranches or Interests~~, as defined within *SSAP No. 43R—Loan-Backed and Structured Securities or SSAP No. 48—Joint Ventures, Partnerships and Limited Liabilities*~~

~~*Companies*~~ should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities.*

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

~~The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure a security reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests / residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.~~

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be ~~have~~ stated principal or interest but that lack substance, and ~~with terms that~~ result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide ~~the~~ subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after ~~other~~ debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual ~~tranche~~ holders to the debt tranches if the structure becomes stressed.

We also continue to seek clarification on the issues raised in the interested parties comment letter dated July 14, 2023 (copy attached). We understand that the residual definition is related to investment structures that issue debt securities created for the primary purpose of raising debt capital backed by a discrete pool of collateral assets (ABS issuers as defined in paragraph 8 of the current bond exposure in SSAP Nos. 26R) rather than debt issued for liquidity/operating purposes. As a result, interested parties do not believe the intent was to include the following types of investment structures:

- Private Funds (e.g., equity, debt, hedge)- that issued debt for liquidity / operating purposes rather than to raise capital backed by a discrete pool of collateral assets.
- Real Estate Funds (including REITs and JVs) (i.e., considered Issuer Credit Obligations, or "ICOs", in the proposed bond standard)
- Non-US registered Funds (i.e., considered ICOs in the proposed bond standard)
- Other ICOs in the proposed bond definition, such as 40 Act Funds, Business Development Company, Operating Entities, and Holding Companies supported by operating companies.

We request that the Working Group evaluate this issue and provide clarification.

INT 23-02T: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax

The Working Group reached tentative consensuses to the noted issues included in INT 23-02T for comment. The interpretation recommends that for third-quarter 2023, reporting entities should disclosure whatever information is available regarding the corporate alternative minimum tax and their applicable reporting entity status.

Prior submissions to the Working Group by interested parties in connection with the CAMT have advocated a deferral of statutory financial reporting for the CAMT while permanent guidance is being developed. Accordingly, interested parties is supportive of the provisions of this currently exposed version of INT 23-02T. We note, however, a few edits to the exposed INT that would be helpful for clarification in the attached edited version of the exposure. (Copy is attached.)

Ref #2023-04: Corporate Alternative Minimum Tax Guidance

The Working Group exposed *INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax* for comment with a proposed effective date of year-end 2023. After discussion, the Working Group also directed that the exposed INT 23-03T, including guidance which provides for the admissibility of CAMT credits under SSAP No. 101, paragraph 11c. should be consistent with the treatment of other DTAs under this step (see exposure paragraph 34). The exposure provides a simple and reasonable solution that addresses the nuances of the new alternative tax structure and interested parties commends the Working Group on providing the guidance before year-end.

Interested parties submitted a marked draft of INT 23-03 with comments by email on September 5th to NAIC staff. (Copy is attached.)

The comments provided in this letter and the attached redline version of INT 23-03 are intended to clarify language that could cause misinterpretation within the industry and inconsistency in treatment. Again, interested parties support the overall accounting approach laid out in the INT.

A summary of our comments is as follows:

1) Interested parties suggests a few wording changes for consistency purposes, such as referring to “CAMT tax” as “CAMT” and “CAMT credit carryforwards” as CAMT credit DTAs”. These suggested wording changes are not substantive and do not change the underlying meaning of INT 23-03.

2) A reporting entity determines if it will be an applicable corporation on a tax-controlled basis; however, TSAs are completed for consolidated tax return groups. Interested parties suggests changing “tax-controlled” to “consolidated tax return group” depending on the context of the paragraph.

3) The INT refers to the CAMT as indefinite tax credit. To avoid confusion with DTAs that do not reverse, interested parties suggests replacing “indefinite” with “non-expiring”.

4) Paragraph 1.h. describes credit usage against CAMT. Foreign tax credits have specific carryforward rules depending on type and to avoid detailing the exact carryforward structure interested parties suggests removing the paragraph.

5) Paragraph 11.c. provides as a criterion that for reporting entities to have a TSA exclusion the TSA must have a term that the reporting entity reasonably expects or has knowledge that related parties under the TSA are meeting their obligations. Interested parties does not believe the requirement provided in 11.c. would exist in a legal document and would thus preclude most companies from the TSA exclusion. The requirement could also be interpreted to imply additional liquidity or going concern documentation is necessary. We believe the intent of 11.c, to reinforce joint and severable liability of tax liabilities, is covered in paragraph 12. We suggest deleting this paragraph.

6) Paragraph 12 states that even with the TSA exclusions, the guidance for joint and severable liabilities under SSAP No. 5, paragraph 5 continues to apply; however, SSAP 5 includes a specific exclusion for taxes in footnote 2. To address the Working Group’s concern that the TSA exclusion could be widely interpreted so that reporting entities do not recognize taxes

due of co-obligors unable to meet their tax obligation, we propose referencing SSAP No. 101, paragraph 3.

SSAP No. 101, paragraph 3 states:

> "Income taxes incurred" shall include current income taxes, the amount of federal and foreign income taxes paid (recovered) or payable (receivable) for the current year.

The general definition of when a reporting entity recognizes current income taxes is broad enough to cover taxes paid on behalf of another entity (regular tax or CAMT). We propose referencing SSAP No. 101, paragraph 3 which avoids change to SSAP No. 5, but still allows the Working Group to reinforce the reporting still must recognize any CAMT paid or payable on behalf of a co-obligor.

7) Paragraph 13 provides the general accounting considerations for the CAMT. We suggest replacing the term "expected" in this paragraph with "reasonably estimated" to align with accounting standards.

8) Paragraphs 21.a., 28, and 31 reference the allocation of the CAMT credit DTA (or valuation allowance of the CAMT credit DTA). Interested parties proposes specifically stating that the allocations in these instances are to be made consistent with the TSA. Although the reader should assume as such, this language is intended to provide certainty.

9) Paragraph 24 describes the admissibility of deferred tax assets for CAMT credits. The use of CAMT credits depends on the consolidated tax return group, prompting the exception to SSAP No 4. Interested parties agrees with the concept but proposes wording changes to focus on the CAMT credit DTA instead of the current liability.

10) Paragraph 28 references the SSAP No. 101, paragraph 11 realization tables, as well as the ExDTA ACL RBC percentages used in SSAP No. 101, paragraph 11. We suggest adding a footnote or other clarification for non-RBC reporting entities and replacing "RBC" with "ExDTA ACL RBC".

11) Paragraph 28 provides that CAMT credit DTAs not realizable within the timetables for admittance are required to be non-admitted; however, the CAMT credit DTA could be admitted under SSAP No. 101, paragraph 11.c. Although paragraph 34 specifically allows admittance under SSAP No. 101, paragraph 11.c. interested parties proposes clarifying language to paragraph 28.

12) Paragraph 31 states the reporting entity is not required to take CAMT into account in calculating the "with and without" liability. Interested parties is concerned that because the CAMT credit DTA is evaluated for admittance separate from regular reversing DTAs misinterpretation could arise. In other words, explicitly state CAMT is not taken into account in the "with and with-out" calculation and 11.b. admittance is not reduced by projected

CAMT of the consolidated group (if any) during the three-year reversal period. This additional language is intended to prevent any potential misreading.

13) Paragraph 34 allows the CAMT credit DTAs to be admitted against DTLs in accordance with SSAP No. 101, paragraph 11.c. The language specifies the CAMT credit DTA can only be admitted against "applicable DTLs". We suggest removing "applicable" to avoid misinterpretation that certain DTLs are not applicable. Paragraph 34 also implies that CAMT credit DTAs can be admitted under SSAP No. 101, paragraph 11.a. The CAMT credit cannot be carried back and therefore interested parties suggests removal of the paragraph 11.a. reference.

14) Paragraph 35 details the consideration of tax projections in the admittance of the CAMT credit DTA. Interested parties suggests additional clarifying language to certain phrases. When projecting the CAMT liability, "groupings" is referenced from SSAP No. 101; however, it is more appropriate to state "groupings of assets and liabilities". Also, when describing modifications to the estimates, interested parties suggests "modifications to the estimate process" to avoid misinterpretation that any modification requires disclosure.

15) Paragraph 37.b. provides that if a reporting entity has filed its TSA and the domiciliary regulatory has confirmed that they have no objections to using the new TSA amendment or new TSA, while under review then the reporting entity can account for the TSA as applicable for the 2023 reporting period. Requiring confirmation from regulators while the TSA is under review raises many concerns. First, interested parties does not believe regulators will provide positive confirmation while under review, especially in writing. Without written confirmation audit firms will likely object to a reporting entity following an unapproved TSA which will result in variances in practices depending on the audit firm. For example, the reporting entity could be forced to account for CAMT in its 11.b. with and without calculation or payments of CAMT between related parties could be recharacterized as contributions/dividends. Finally, to obtain confirmation from regulators while the TSA is under review, reporting entities could seek permitted practices. Although permitted practices would provide a sound solution for 2023, they undermine why INT 23-03 was necessary in the first place – to avoid reporting entities establishing individualized policies for accounting for the CAMT.

    Interested parties agrees that if a reporting entity has filed its TSA while under review the reporting entity should follow the TSA for 2023. We propose updated language allowing reporting entities to follow the TSA for 2023 so long as the domiciliary regulator has not provided formal rejection while during the review period. This approach ensures all reporting entities follow their submitted TSAs without petitioning for a permitted practice for one year.

16) Paragraph 40.b. requires disclosure of the Realization Threshold Limitations Tables; however, these tables are already disclosed under SSAP No. 101. Interested parties suggests removing this disclosure.

17) Paragraph 46 illustrates a situation where an applicable reporting entity meets or exceeds the top line of the relevant SSAP No. 101 Realization Threshold Limitation. Interested parties suggests expanded language to parity the other proposed lanugage in this letter. Specifically, we suggest including a year where the consolidated tax return group expects to pay the CAMT to illustrate 11.b. admittance is not impacted. We also suggest including a statement that if only a portion of the CAMT credit DTA is expected utilized then the reporting entity would only admit an allocation of the CAMT credit DTA, determined consistent with the TSA. These additions are intended to bridge our comments to the examples.

* * * *

Please feel free to contact either one of us with any questions you may have.

Sincerely,

D. Keith Bell Rose Albrizio

cc: Interested parties
NAIC staff

Interpretation of the Statutory Accounting Principles (E) Working Group

INT 23-02T: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax

INT 23-02T Dates Discussed
August 13, 2023

INT 23-02T References

Current:
SSAP No. 9— Subsequent Events
SSAP No. 101—Income Taxes

INT 23-02T Issue

Key Provisions of the Inflation Reduction Act

1. The Inflation Reduction Act (Act) was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). The ~~Act and the~~ CAMT is ~~go into~~ effective for tax years beginning after 2022. Reporting entities shall refer to the Act and the resulting regulations and other tax guidance to determine application, but a high-level summary of the CAMT is below.

Commented [A1]: There are many effective date provisions in the various laws enacted as part of the IRA.

a. The tentative CAMT is 15% of the corporation's "adjusted financial statement income" for the tax year, reduced by the corporate alternative minimum foreign tax credit.

b. The CAMT differs from the previous traditional alternative minimum tax (AMT) that applied under pre-2018 tax law in that it starts at a financial statement measure (book income) – not an Internal Revenue Code taxable income calculation. Adjusted financial statement income does not include other comprehensive income including unrealized gains and losses on available for sale securities. The determination of whether the CAMT applies is made on a tax-controlled group basis (scope determination), the tentative CAMT is based on the group's adjusted financial statement income (not adjusted regular taxable income), and any tax due (liability determination) is based on a comparison of consolidated tentative CAMT to consolidated regular tax.

c. The CAMT applies only to corporations (determined on a tax-controlled group basis as defined for federal income tax purposes, this could include standalone unaffiliated entities which meet the specified income thresholds) with average annual adjusted financial statement income in excess of $1 billion for three prior taxable years. The threshold is reduced to $100 million in the case of certain foreign-owned corporations. A corporation that meets the applicable threshold is an "applicable corporation." Applicable corporations generally remain applicable corporations for subsequent taxable years unless certain limited exceptions apply. Applicable corporation status means that CAMT must be tentatively determined and compared to regular tax liability.

d. A corporation's adjusted financial statement income is the amount of net income or loss the corporation reports on its applicable financial statement. The income is adjusted for various purposes including certain adjustments in the case of consolidated returns or for foreign income.

INT 23-02: Inflation Reduction Act – Third Quarter 2023 Corporate Alternative Minimum Tax

e. The Act includes references to the tax code~~s~~ which provides a hierarchy for determining the "applicable financial statement." At a high level, the first choice is U.S. generally accepted accounting principles (GAAP) financial statements; the second choice is international financial reporting standards (IFRS) financial statements. If GAAP and IFRS financial statements are not available, the financial statements filed by the taxpayer with any other regulatory or government body are acceptable. If the taxpayer is part of a tax-controlled group of corporations, the group's applicable financial statement is the applicable financial statement for each member of the group.

f. To determine its U.S. federal income tax liability, an applicable corporation will need to compute taxes under both systems—the regular tax system and the CAMT system. The CAMT is payable to the extent the tentative CAMT exceeds the sum of the regular corporate income tax plus base erosion and anti-abuse tax (BEAT) liability.

g. Any CAMT paid is available indefinitely as a credit carryover that w~~e~~ould reduce future regular tax in future years when the regular tax liability is in excess of CAMT tax liability. That is, the CAMT tax credit can be used to reduce the regular tax but not below CAMT liability.

h. A foreign tax credit (FTC) may~~will~~ reduce the tentative minimum CAMT. Note that unused FTCs may~~can~~ be carried forward for 5 years. General business credits can generally ~~be~~ offset up to 75% of the sum of regular and minimum tax.

Commented [A2]: Not all FTCs get a carryforward, so use of the word "may" is more appropriate here.

2. The Working Group previously issued *INT 22-02: Third Quarter 2022 through Second Quarter 2023 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax* which addressed third quarter 2022 through second quarter 2023. INT 22-02 noted that a reasonable estimate of the CAMT was not possible for those reporting periods and required disclosures.

3. This interpretation is focused on addressing accounting and reporting aspects of the CAMT for third quarter 2023 reporting (reporting period July 1 through September 30, 2023). ~~As most reporting entities will not be above the applicable corporation threshold and will not be subject to the CAMT calculation, this guidance has been developed as an interpretation.~~ While most insurers will not be applicable corporations, this interpretation provides temporary third quarter 2023 statutory accounting guidance for all reporting entities that are or expect to be applicable entities with respect to the CAMT. A separate interpretation is being developed for year-end 2023 and periods thereafter.

Commented [A3]: Seems to be an inadvertent duplication that is not needed given the next sentence.

4. Although it is likely that most insurers that are applicable corporations will be members of a tax-controlled group of corporations and included in a consolidated federal income tax return with other members of the group, this interpretation applies to all applicable reporting entities. For reporting entities subject to the CAMT, this includes an unaffiliated corporation[1] that files a separate tax return, a member of a tax-controlled group not included in the common parent company's consolidated tax return that files a separate company tax return or a separate consolidated tax return with other members of the group, or as a member of the common parent's consolidated return group.

Interpretation Issues

5. *SSAP No. 101—Income Taxes,* paragraph 7.e. requires the statutory valuation allowance adjustment as a direct reduction in the gross DTA if, based on the weight of available evidence, it is more likely than not that some or all of the gross DTAs will not be realized. Gross DTA less the statutory valuation allowance

[1] As used herein, an "unaffiliated" corporation is one that is not a member of a tax-controlled group.

INT 23-02: Inflation Reduction Act - Corporate Alternative Minimum Tax

results in adjusted gross DTAs. The statutory valuation allowance adjustment is not reported as a separate line in the statutory financial statements (it is an off-balance sheet item that reduces the gross DTAs). The statutory valuation allowance is disclosed.

6. The statutory accounting calculation for admissible DTAs is determined using adjusted gross DTAs (gross DTAs reduced by the valuation allowance). For statutory accounting, admittance of adjusted gross DTAs in SSAP No. 101 depends on a three-component calculation, for which the second step limits admittance of adjusted gross DTAs to those that are expected to be realized in a timeframe that does not exceed three years. The actual number of years permitted depends on specifics for each reporting entity (type and other information about the reporting entity), but the maximum timeframe is three years. The last step admits DTAs which can be offset by DTLs.

7. Guidance in *SSAP No. 9—Subsequent Events* requires consideration of Type I and Type II[2] subsequent events through the date of the statutory financial statements and the date of issuance of the audited financial statements, or the date in which audited financial statements are available to be issued. For subsequent events identified after the statutory financial statements reporting date (example September 30) but before the statements are filed (example, November 15), reporting entities are generally required by their domestic state to reflect estimates in ~~amend~~ their filed statutory financial statements. Under this guidance, as additional information is made available on the impact of the Act, or information becomes available to update estimates and assessments, under existing statutory accounting guidance in SSAP No. 9, reporting entities would need to identify updated estimates as a Type I subsequent event in the audited financial statements.

Commented [A4]: If a company has not yet filed their statement, how can they amend it? Edit has been made to reflect Type I subsequent event guidance. The last INT was speaking to changes that occur after the statement is filed but before audited statements are issued since it covered 2022 year end reporting.

Issue 1 – Consideration of the Act for Third Quarter 2023 Financial Statements

8. Under statutory accounting guidance, reporting entities filing statutory financial statements would have to consider the applicability of the CAMT and if applicable, attempt to determine the impact on the statutory valuation allowance as well as assess DTAs for admissibility (e.g., realization timeframe). These elements will be collectively referred to as "calculations impacted by the Act" or "calculations impacted by the CAMT." Exceptions to these calculations impacted by the CAMT have previously been provided under INT 22-02 through second quarter 2023.

9. This interpretation will address the issue for what reporting entities are required to report or disclose regarding the calculations impacted by the CAMT for third quarter 2023 (July 1 through September 30, 2023, financial statements.)

Issue 2 – Consideration of Subsequent Events for Third Quarter 2023 Financial Statements

10. SSAP No. 9 requires consideration of subsequent events through the date of the statutory financial statements and the date of issuance of the audited financial statements, or the date in which audited financial statements are available to be issued. An exception to this requirement has ~~also~~ previously been provided under INT 22-02 through second quarter 2023.

11. For reporting entities that materially revise or establish calculations impacted by the CAMT during the third quarter 2023 or immediately subsequent to the third quarter (including the statutory valuation allowance, the timing of determination of net admitted DTAs, and the determination of the applicability of

[2] A Type I subsequent event relates to an event or transaction that provides 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. Under SSAP No. 9, entities shall recognize in the financial statements the effects of all material Type I subsequent events. A Type II subsequent event pertains to events or transactions that provide evidence to conditions that did not exist at the balance sheet date but arose after that date. Type II events are disclosed in the financial statements.

the CAMT and any related liabilities), this interpretation will address the extent a Type I or Type II subsequent event assessment is required for third quarter 2023 financial reporting.

INT 23-02T Discussion

12. The Statutory Accounting Principles (E) Working Group tentative consensuses to the noted issues are included below.

Response: Issue 1 – Consideration of the Act for Third Quarter 2023~~2~~ Financial Statements

13. Reporting entities that are aware they will be subject to the CAMT would normally have to reflect the effects of the Act on the calculations impacted by the CAMT if reasonably estimable for the third quarter 2023. The Act was adopted in August 2022; however, entities may continue to have a considerable number of unknown variables for September 30, 2023, reporting. As such, the Working Group has determined that a reasonable estimate might not be determinable for third quarter 2023 interim financial statements for the calculations impacted by the CAMT for some entities.

14. If a reporting entity is an applicable corporation and has determined a reasonable estimate, it shall be disclosed. If a reporting entity is an applicable corporation and cannot determine a reasonable estimate, the reporting entity shall disclose that they expect to be an applicable corporation but have not determined a reasonable estimate.

15. Because reasonable estimates of calculations impacted by the CAMT might not be determinable, reporting entities shall only disclose impacts related to CAMT for third quarter 2023 financial statements for which reasonable estimates are possible.~~,~~ If the reporting entity is an applicable corporation, they shall make the following disclosures regarding the CAMT and the Act:

a. A statement regarding whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined if it expects to be liable for CAMT in 2023. For example:

i. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it does not expect to be liable for CAMT in 2023.

ii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has not determined as of the reporting date if it will be liable for CAMT in 2023. The third quarter 2023 financial statements do not include an estimated impact of the CAMT because a reasonable estimate cannot be made.

iii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it expects to be liable for CAMT in 2023. The third quarter 2023 financial statements shall disclose the estimated impact of the CAMT.

Response: Issue 2 – Consideration of Subsequent Events for Third Quarter 2023~~2~~ Financial Statements

16. For third quarter 2023 reporting, CAMT updated estimates or other calculations affected by the Act determined subsequent to third quarter statutory financial statement or filing date shall not be recognized as Type I subsequent events. Meaning, ~~amended~~ third quarter financial statements are not required to reflect updated estimates subsequent to the third quarter ~~filing~~reporting date and prior to the filing of the third

quarter financial statements. With the disclosure required under Issue 1, additional subsequent event disclosure (such as what would be required for Type II event) is not required.

17. Reporting entities shall be working in good faith to complete the accounting for the changes adopted under the Act.

INT 23-02T Status

18. The tentative consensuses in this interpretation were adopted on tbd, to provide reporting guidance regarding the calculations impacted by the CAMT and provide limited-scope, limited-time exceptions to the valuation allowance and DTA calculations in response to legislation under SSAP No. 101 as well as Type I subsequent event requirements in SSAP No. 9 for September 30, 2023, statutory reporting. As detailed, the exceptions to SSAP No. 101 and SSAP No. 9 are effective for the third quarter 2023.

19. This interpretation will be automatically nullified on November 16, 2023 and as additional guidance for year end 2023 reporting is being separately developed.

20. Further discussion is planned.

https://naiconline.sharepoint.com/teams/frsstatutoryaccounting/national meetings/a. national meeting materials/2023/8-13-23 summer national meeting/exposures/int 23-02t 3q camt 8-15-23.docx

Interpretation of the
Statutory Accounting Principles (E) Working Group

INT 23-03T: Inflation Reduction Act - Corporate Alternative Minimum Tax

Note: Drafting notes will not be in the final document and are only included to facilitate exposure review.

INT 23-03T Dates Discussed
August 13, 2023

INT 23-03T References

Current:
SSAP No. 4—Assets and Nonadmitted Assets
SSAP No. 9— Subsequent Events
SSAP No. 101—Income Taxes

INT 23-03T Issue

Key Provisions of the Inflation Reduction Act

1. The Inflation Reduction Act (Act) was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). The ~~Act and the~~ CAMT is ~~go into~~ effective for tax years beginning after 2022. Reporting entities shall refer to the Act and the resulting regulations and other tax guidance to determine application, but a high-level summary of the CAMT is below.

Commented [A1]: There are many effective date provisions in the various laws enacted as part of the IRA.

a. The tentative CAMT is 15% of the corporation's "adjusted financial statement income" for the tax year, reduced by corporate alternative minimum foreign tax credit.

b. The CAMT differs from the previous traditional alternative minimum tax ~~(AMT)~~ that applied under pre-2018 tax law in that it starts at a financial statement measure (book income) – not an Internal Revenue Code taxable income calculation. Adjusted financial statement income does not include other comprehensive income including unrealized gains and losses on available for sale securities. The determination of whether the CAMT applies is made on a tax-controlled group basis (scope determination), the tentative CAMT is based on the group's adjusted financial statement income (not adjusted regular taxable income), and any tax due (liability determination) is based on a comparison of consolidated tentative CAMT to consolidated regular tax.

Commented [A2]: Suggest removing AMT as it is not used again in the document

c. The CAMT applies only to corporations (determined on a tax-controlled group basis as defined for federal income tax purposes, this could include standalone unaffiliated entities which meet the specified income thresholds – ~~–~~see paragraph 3) with average annual adjusted financial statement income in excess of $1 billion for three prior taxable years. The threshold is reduced to $100 million in the case of certain foreign-owned corporations. A corporation that meets the applicable threshold is an "applicable corporation." Applicable corporations generally remain applicable corporations for subsequent taxable years unless certain limited exceptions apply. Applicable corporation status means that CAMT must be tentatively determined and compared to regular tax liability.

Commented [A3]: Updating dash style for consistency

INT 23-03T: Inflation Reduction Act - Corporate Alternative Minimum Tax

d. A corporation's adjusted financial statement income is the amount of net income or loss the corporation reports on its applicable financial statement. The income is adjusted for various purposes including certain adjustments in the case of consolidated returns or for foreign income.

e. The Act includes references to the tax code~~s~~ which provides a hierarchy for determining the ~~"~~applicable financial statement.~~"~~ At a high level, the first choice is U.S. generally accepted accounting principles (GAAP) financial statements; the second choice is international financial reporting standards (IFRS) financial statements. If GAAP and IFRS financial statements are not available, the financial statements filed by the taxpayer with any other regulatory or government body are acceptable. If the taxpayer is part of a tax-controlled group of corporations, the group's applicable financial statement is the applicable financial statement for each member of the group.

Commented [A4]: Suggesting removal of the quotes as the phrase applicable financial statement is used in d. above without quotes

f. To determine its U.S. federal income tax liability, an applicable corporation will need to compute taxes under both systems – ~~—~~the regular tax system and the CAMT system. The CAMT is payable to the extent the tentative CAMT exceeds the sum of the regular corporate income tax plus base erosion and anti-abuse tax (BEAT) liability.

g. Any CAMT paid is available indefinitely as a credit carryover that we~~c~~ould reduce future regular tax in future years when the regular tax liability is in excess of ~~CAMT tax~~ the tentative CAMT liability. That is, the ~~CAMT tax~~CAMT credit can be used to reduce the regular tax but not below tentative CAMT liability.

Commented [A5]: Replacing CAMT tax with CAMT to avoid redundancy

h. A foreign tax credit (FTC) ~~will~~ may reduce the tentative minimum CAMT. Note that unused FTCs may~~can~~ be carried forward for 5 years. General business credits can generally ~~be~~ offset up to 75% of the sum of regular and minimum tax.

Commented [A6]: Foreign tax credits have specific carryforward rules depending on type. Potential to remove the paragraph.

2. This interpretation is focused on addressing accounting and reporting aspects of the CAMT. As most reporting entities will not be above the applicable corporation threshold and will not be subject to the CAMT calculation, this guidance has been developed as an interpretation. While most insurers will not be applicable corporations, this interpretation provides comprehensive statutory accounting guidance for all reporting entities with respect to the CAMT. This interpretation incorporates a principles-based approach for purposes of statutory accounting for the CAMT.

3. Although it is likely that most insurers that are applicable corporations will be members of a tax-controlled group of corporations and included in a consolidated federal income tax return with other members of the group, this interpretation applies to all reporting entities subject to the CAMT, whether an unaffiliated corporation[1] that files a separate tax return, a member of a tax-controlled group not included in the common parent company's consolidated tax return that files a separate company tax return or a separate consolidated tax return with other members of the group, or as a member of the common parent's consolidated return group.

4. For reporting entities that are included in a consolidated tax return, the fundamental statutory tax accounting issue for the CAMT is how to reflect in the reporting entity's separate company financial statements a portion of what is essentially an add-on tax for a consolidated tax return group that is based on the group's financial statement income and group tax rate. Even if a member of a tax-controlled group of corporations files its own separate federal income tax return, the tax law does not provide for a separate company scope determination, but rather looks to the tax-controlled group for applicable corporation status and determination of the applicable financial statement.

[1] As used herein, an "unaffiliated" corporation is one that is not a member of a tax-controlled group.

INT 23-03T: Inflation Reduction Act - Corporate Alternative Minimum Tax

INT 23-03T Discussion

5. The discussion along with the Statutory Accounting Principles (E) Working Group tentative consensuses are included below.

Categories of Reporting Entities

6. In an annual determination of applicable corporation status, all reporting entities are separated into one of the following categories:

a. Nonapplicable reporting entities

b. Applicable reporting entities

c. Applicable reporting entities with tax sharing agreement (TSA) exclusions

Nonapplicable Reporting Entities

7. Nonapplicable reporting entities are reporting entities that do not reasonably expect to be an applicable corporation either as a member of a tax-controlled group of corporations[2] or individually as an unaffiliated corporation, for the taxable year that includes the current reporting period. Nonapplicable reporting entities are not required to calculate or recognize a payable for CAMT. If a reporting entity is not subject to pay CAMT, then they will have no CAMT credit DTA~~carryforward~~. For nonapplicable reporting entities, further assessment of the CAMT is not required for current or deferred tax computations, and the remaining accounting components of the interpretation do not apply. Applicable disclosures are required.

Commented [A7]: Suggested wording change for consistency across the INT

8. A reporting entity that was an applicable corporation for the preceding taxable year shall reasonably expect to be an applicable corporation for the current taxable year, unless one of the tax law exceptions to continued applicable corporation status applies.

Applicable Reporting Entities

9. Applicable reporting entities are reporting entities that reasonably expect to be applicable corporations for the taxable year that includes the current reporting period, either individually as an unaffiliated corporation or as a member of a tax-controlled group of corporations[3]. Applicable reporting entities are required to consider CAMT in current and deferred tax computations in the manner set forth in this interpretation.

10. Because CAMT is not payable by an applicable corporation unless it is in excess of regular tax liability, the CAMT calculations for applicable reporting entities within this interpretation may or may not result in different current and deferred income taxes than if the CAMT was not taken into account. (Applicable reporting entities with TSA exclusions that meet the requirements of paragraph 11 of this interpretation shall follow the guidance in paragraph 12 of this interpretation.)

[2] A reporting entity that is a member of a tax-controlled group that does not reasonably expect to be applicable corporation on a group basis is not required to make a separate company determination as the CAMT is determined on a group basis.

[3] Determination of applicable reporting entity within a tax-controlled group is subject to the tax law. A reporting entity within a tax-controlled group is captured with the group's applicable corporation status regardless of if they were excluded from the consolidated tax return and filed their own separate return. For example, if the reporting entity is a life insurance company and i) the group has not made a "life-nonlife" consolidated return election, or ii) the reporting entity has been recently acquired and is excluded from the life-nonlife consolidated return for a period of 5 years.

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Applicable Reporting Entities with TSA Exclusions

11. Applicable reporting entities with TSA exclusions are reporting entities that qualify as an applicable corporation as a member of a tax-controlled group of corporations pursuant to paragraphs 9 and 10 of this interpretation, and is a party to a TSA that is in effect for the reporting period that has all of the following terms:

a. The reporting entity is excluded from charges for any portion of the group's CAMT, and

b. The reporting entity is not allocated any portion of the group's CAMT credit carryover.

c. The reporting entity reasonably expects or has knowledge that the parties liable for the CAMT payables under the TSA are meeting their obligations.

Commented [A8]: Interested parties does not believe the requirement provided in 11c would exist in a legal document and would therefore preclude all companies from the TSA exclusion. The intent of 11.c is already covered in paragraph 12 – we suggest deleting.

12. Reporting entities with TSA ~~CAMT~~ exclusions which qualify under paragraph 11 of this interpretation, are not required to calculate, or recognize CAMT in their current or deferred tax computations. Even with the TSA exclusions, the general current tax liability guidance ~~for joint and several liabilities~~ pursuant to SSAP No. 101, paragraph 3 ~~SSAP No. 5, paragraph 5~~ continues to apply. This guidance requires the reporting entity to recognize the amount the reporting entity has paid or is payable, which includes ~~agreed to pay with the agreements of their co-obligors and~~ any additional amount the reporting entity expects to pay on behalf of its co-obligors.

Commented [A9]: We have received comments & concerns from the firms in regards to the SSAP 5 reference given that SSAP 5 includes a specific exclusion for taxes in footnote 2. The language is also being interpreted to imply additional liquidity/going concern documentation. If we understand the intent of paragraph 12, correctly (to address concern that the TSA exclusion could be widely interpreted so that reporting entities do not recognize taxes due of co-obligors unable to meet their tax obligation), we propose referencing SSAP No. 101, paragraph 3.

NAIC Staff Note: NAIC staff do not believe it is possible for an insurer to completely remove themselves from the joint and several tax liability under the tax law. There is guidance in SSAP No. 5, paragraph 5, that addresses joint and several liabilities. Under that guidance, reporting entities are required to measure and report the liability as the sum of 1) the amount the reporting entity agrees to pay on the basis of agreements among co-obligors and 2) any additional amount the reporting entity expects to pay on behalf of its co-obligors.

Accounting for Applicable Reporting Entities

Impact of Tax Allocation Agreements

13. This interpretation is based on the principle that the statutory accounting for the CAMT for reporting entities included in a consolidated tax return should be matched to the CAMT charges ~~expected~~ reasonably estimated to be paid by the reporting entity and the corresponding CAMT credits ~~expected~~ reasonably estimated to be received by the reporting entity. For such reporting entities, this interpretation applies the provisions of the intercompany tax allocation agreement[4] (also referred to as a tax sharing agreement or TSA) that governs allocation of consolidated taxes to individual members of the group.

Commented [A10]: We suggests wording change to "reasonable estimated" to align with accounting standards.

14. SSAP No. 101, paragraph 16 provides that in the case of a reporting entity that files a consolidated income tax return with one or more affiliates, income tax transactions between the affiliated parties shall be recognized if such transactions are economic transactions as defined in SSAP No. 25; are pursuant to a

[4] SSAP No. 101, paragraphs 16 and 17 provide requirements for tax allocation agreement recognition. Tax allocation agreements are also subject to internal revenue service requirements and are subject to domiciliary regulator review under the Insurance Holding Company System Regulatory Act (Model #440), which also requires that the terms of intercompany agreements be fair and reasonable. In assessing fair and reasonable, state insurance regulators are encouraged to assess the terms of the TSA for allocations to the insurance reporting entity for both CAMT payables and CAMT credit ~~carryforwards~~DTAs.

written TSA; and income taxes incurred are accounted for in a manner consistent with the principles of FAS 109 ~~(~~the predecessor of what is now ASC 740), as modified by SSAP No. 101.

15. For a reporting entity that is included in a consolidated tax return and is subject to a qualifying TSA which is consistent with paragraphs 16 and 17 of SSAP No. 101, the amount of CAMT payable (expense) or ~~CAMT tax~~CAMT credit ~~carryforward~~ DTA is recognized in accordance with the TSA.

NAIC Staff Note: NAIC staff is aware that reporting entities plan to enter into updated TSA agreements based on the results of the guidance from this INT.

Recognition of CAMT Payable

16. Reporting entities that are applicable corporations, excluding those ~~captured as~~ having qualifying TSA exclusions per paragraph 11 of this interpretation, are required to take CAMT payable into account in the calculation of current income tax expense pursuant to SSAP No. 101. Reporting entities shall accrue the CAMT owed, reflecting the amount owed as a separate return filer or in accordance with the amount allocated through the ~~tax-controlled~~ consolidated tax return group's tax sharing agreement pursuant to paragraph 15 of this INT.

Commented [A11]: Additional replacements of "tax-controlled" with "consolidated tax return" to standardize language.

17. Consistent with SSAP No. 101, paragraph 8, changes in DTAs and DTLs, including changes attributable to changes in tax rates and changes in tax status, if any, shall be recognized as a separate component of gains and losses in unassigned funds (surplus) as "change in net deferred income tax," excluding any change reflected in unrealized capital gains.

18. Paragraph 8.3 of SSAP No. 101 Exhibit A – Implementation Questions and Answers (Q&A) is not applicable to reporting entities subject to CAMT through a tax-controlled group structure. This exclusion is provided due to the consolidated nature of the CAMT calculation. Any theoretical separate entity calculation of the CAMT liability may be unrelated to the actual consolidated tax return computations and to the TSA allocation of liability.

Recognition of CAMT Credit ~~Carryforward~~ ~~Deferred Tax Asset (Future Tax Credit)~~DTAs

Commented [A12]: Replacing Deferred Tax Assets with DTAs

19. Reporting entities shall ~~initially~~ recognize a corresponding DTA which represents the non-expiring ~~indefinite~~ tax credit carryover equal and offsetting to the current CAMT accrued. The ~~CAMT tax~~CAMT credit can be used to reduce regular tax in future years when the regular tax liability is in excess of the ~~CAMT tax~~tentative CAMT liability as permitted under the tax law.

Commented [A13]: We suggest removing "initially" to avoid emphasize.

Commented [A14]: We suggest the term non-expiring to avoid confusion with DTAs that do not reverse.

Impact of CAMT to the Statutory Valuation Allowance

20. *SSAP No. 101—Income Taxes*, paragraph 7.e. requires the statutory valuation allowance adjustment as a direct reduction in the gross DTA if, based on the weight of available evidence, it is more likely than not that some or all of the gross DTAs will not be realized. Gross DTA less the statutory valuation allowance results in adjusted gross DTAs. The statutory valuation allowance adjustment is not reported as a separate line in the statutory financial statements (it is an off-balance sheet item that reduces the gross DTAs). The statutory valuation allowance is disclosed.

21. The determination of a statutory valuation allowance[5] for CAMT credit ~~carryforwards~~ DTAs depends on whether the reporting entity is part of a consolidated tax return group or a separate tax return filer:

[5] Although reporting entities may conclude that the non-expiring ~~indefinite~~ CAMT DTA more likely than not will ultimately be realized, reporting entities will not be able to utilize the tax credit until the reporting entity if a separate tax return filer, or the tax

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a. Consolidated Tax Return Group: A reporting entity that is an applicable entity and a member of a consolidated tax return group shall utilize the statutory valuation assessment for the CAMT credit DTA~~carryforward~~ completed at the consolidated tax return group level. A reporting entity is not required to adjust the group statutory valuation allowance for CAMT credit DTA~~carryforward~~s. Rather, the group determined statutory valuation allowance and the resulting credit ~~carryforward~~ DTA deemed to be more likely than not to be realized, is permitted to be allocated (consistent with TSA) to the reporting entity and reflected as an "CAMT credit adjusted gross DTA." The reporting entity shall continue to have a separate statutory valuation allowance calculation for non-CAMT DTAs as required under SSAP No. 101. The combination of the CAMT credit adjusted gross DTA (as received from the group) and the adjusted gross DTAs from non-CAMT DTAs shall equal the total adjusted gross DTAs reviewed for admittance within the scope of this interpretation.

Commented [A15]: Language intended to reinforce that the allocation should be consistent with the TSA

Commented [A16]: Is the intention that this specific phrase is supposed to be used in the footnotes in the blanks? If not, we suggest quotes should be removed.

b. Separate Tax Return Filer: A reporting entity that is an applicable entity and files a separate tax return, is required to complete a statutory valuation allowance for all ~~deferred tax assets~~DTAs, including CAMT credit ~~carryforwards~~DTAs, in determining their total adjusted gross DTAs. (The CAMT credit DTA can be assessed separately from non-CAMT DTAs in determining whether the DTA is more likely than not to be realized.) The total adjusted gross DTAs are then reviewed for admittance within the scope of this interpretation.

22. A reporting entity is allowed an accounting policy election to either consider or disregard CAMT when evaluating the need for a valuation allowance for its ~~regular~~ non-~~tax~~CAMT DTAs.[6] The accounting policy election applies for valuation allowance purposes only – that is, in the determination of adjusted gross DTAs other than the CAMT credit ~~-related~~ DTAs. This accounting policy election cannot be used to avoid a valuation allowance analysis for CAMT credit ~~carryforward~~ DTAs. The accounting policy election must be disclosed in the notes to the financial statements and applied consistently in subsequent reporting periods.

Admissibility

Admittance - Implications of Group Tax Assessment (Related Parties)

23. For reporting entities that are applicable corporations as they are a member of a tax-controlled group of corporations, the reporting entity may be subject to the CAMT, or be hindered from utilizing the ~~CAMT tax~~CAMT credit, through the actions of their consolidated tax return ~~tax-controlled~~ group related parties. (As noted in footnote 5, although a reporting entity may have earned ~~an indefinite~~a non-expiring tax credit through payment of CAMT, the reporting entity is not eligible to utilize that tax credit until the consolidated tax return ~~tax-controlled~~ group has sufficient tax liability that allows the members of the group to utilize their tax credit. This means that on a group basis they are no longer CAMT payors.) SSAP No. 4 requires assets that are restricted by the action of a related party to be nonadmitted assets.

consolidated group of corporations if the reporting entity is a member of such group , are no longer CAMT payors and have sufficient tax liability that permits the group the ability to use the ~~CAMT tax~~CAMT credits.

[6] Neither SSAP 101, FAS 109 or ASC 740 does not specifically address whether future years' CAMT should be anticipated in a valuation allowance assessment for ~~regular tax~~non-CAMT DTAs. Accordingly, an accounting policy election is allowed for GAAP purposes as to whether to consider or disregard CAMT when evaluating the need for a valuation allowance for non-CAMT~~regular~~ tax DTAs.

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SSAP No. 4, Footnote 2: If assets of an insurance entity are pledged **or otherwise restricted by the action of a related party, the assets are not under the exclusive control of the insurance entity and are not available to satisfy policyholder obligations due to these encumbrances or other third-party interests. Thus, pursuant to paragraph 2, such assets shall not be recognized as an admitted asset on the balance sheet.** Additional guidance for assets pledged as collateral is included in INT 01-31.

24. A key focus of this interpretation is the admittance of the ~~deferred tax assets~~DTAs for CAMT ~~(future tax~~ credits~~)~~ ~~earned from the payment of the CAMT~~. However, it is recognized that under the existing statutory accounting guidance in SSAP No. 4 a reporting entity recognizing ~~CAMT tax~~CAMT credit DTA~~s~~s would not be permitted to admit those DTAs~~assets~~ if as part of a consolidated tax return ~~tax-controlled~~ group ~~as~~ the ability to receive those CAMT credits is explicitly linked to the actions of other entities within the group. If the group on a collective basis does not incur enough tax to allow utilization of the tax credits, then the reporting entity cannot use the tax credits ~~as a reduction of tax liability~~, regardless of the income or tax paid by the reporting entity. This aspect is not impacted by the tax sharing agreement. Although the tax sharing agreement may specify how the ~~CAMT tax~~CAMT credits will be allocated among the group, such tax credits allocated to the reporting entity can only be realized when the group qualifies for the credit.

25. For the CAMT credit ~~deferred tax assets~~ adjusted gross DTAs allocated to the reporting entity to be eligible to be admitted~~permitted as admitted assets~~, this interpretation provides an exception to the guidance in SSAP No. 4, footnote 2, recognizing that the impact to ultimately utilize the allocated tax credits is dependent on the actions of the other parties within the group.

Admittance – Adjusted Gross DTAs

26. The guidance in SSAP No. 101 allows admittance of adjusted gross DTAs (gross DTAs reduced by the statutory valuation allowance) pursuant to a three-component calculation, for which the second step limits admittance of adjusted gross DTAs to those that are expected to be realized in a timeframe that does not exceed three years. The actual number of years to realization permitted depends on specifics for each reporting entity (type and other information about the reporting entity), but the maximum timeframe is three years. The last step (SSAP No. 101, paragraph 11.c.) admits DTAs which can be offset by DTLs.

27. Due to the following aspects regarding the ~~CAMT tax~~CAMT credits, specific admittance guidance for the ~~CAMT tax~~CAMT credit DTAs has been established:

a. The ~~CAMT tax~~CAMT credit is ~~an indefinite~~a tax credit ~~carryforward~~DTA that does not expire. As long as the reporting entity is a CAMT payor or is part of a tax-consolidated group that is a CAMT payor, the reporting entity cannot utilize the tax credit.

b. The ability to utilize the ~~CAMT tax~~CAMT credit is contingent on the actions and tax paying behaviors of the consolidated tax return ~~tax-controlled~~ group. Although the reporting entity may be paying sufficient tax above the CAMT threshold, if other parties within the group do not act in a similar manner, putting the group below the CAMT threshold, then the ~~CAMT tax~~CAMT credit cannot be utilized by the reporting entity.

28. With these noted limitations in utilization of the earned tax credits, reporting entities are only permitted to admit ~~CAMT tax~~CAMT credits if the reporting entity tax projections (if a separate tax return filer) or projections of the tax-consolidated group (if a member of such group) indicate that the ~~CAMT tax~~CAMT credit will be realizable within the stated timeframes using the applicable SSAP No. 101, paragraph 11 realization table thresholds. This means that the tax projections, will have sufficient tax liability that permits utilization of the ~~CAMT tax~~CAMT credits. For example, a reporting entity with greater than 300% ExDTA ACL RBC can only admit ~~CAMT tax~~CAMT credits that are expected to be realized

Commented [A17]: We suggest changing the term "earn" to align with previous changes.

Commented [A18]: The use of CAMT credits depends on consolidated tax return group, prompting the exception to SSAP No 4. Interested parties agrees with the concept but proposes the following wording changes to focus on the CAMT credit.

Commented [A19]: Suggested language clarification.

Commented [A20]: Interested parties suggests addressing the tables for Non-RBC reporting entities. Potentially a footnote stating that for Non-RBC reporting entities the references to the same lines in those respective tables.

Commented [A21]: We suggest to include ExDTA ACL for consistency with SSAP 101.

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(consistent with the TSA) in three years. Reporting entities that have ExDTA ACL RBC between 200-300% can only admit ~~CAMT tax~~CAMT credits that are expected to be realized in one year. If a reporting entity cannot project (either on its own if a separate return filer or at the group if a consolidated tax return group member) sufficient tax liability that allows them to utilize the ~~CAMT tax~~CAMT credit within the realizable timeframes for admittance, then the portion of ~~CAMT tax~~CAMT credits that cannot be utilized are ~~required to be~~ nonadmitted under SSAP 101 11.b.

29. ~~CAMT tax~~CAMT credits included in the SSAP No. 101, paragraphs 11 and 11.b. calculation as they are expected to be realized within the applicable 1 or 3 year permitted timeframes shall then be combined with non-CAMT adjusted gross ~~deferred tax assets~~DTAs and admitted to the extent that the total DTAs admitted under paragraph 11.b. do not exceed the capital and surplus percentage limit for the company type. All references to SSAP No. 101, paragraph 11b include the modifications in this Interpretation.

30. Reporting entities shall use the Realization Threshold Limitations Tables in SSAP No. 101, paragraph 11.b. as applicable to the entity for determination of the admissibility of the CAMT credits. The percentage limitations of capital and surplus of and the projected realization periods continue to apply to admitted adjusted gross DTAs, including the adjusted gross DTA for any CAMT credit ~~carryforward~~DTA.

31. A reporting entity which meets or exceeds the top line of the applicable ~~of the~~ Realization Threshold Limitation Table (Ex. 3 years and 15%) is **not required** to take the CAMT into account in calculating the "with and without[7]" tax liability for purposes of determining the amount expected to be realized under SSAP No. 101, paragraph 11. b. ~~i~~, for non-CAMT DTAs. Specifically, the reporting entity's "with and without" regular tax liability is not reduced by CAMT, if any, reasonably expected to be incurred during the paragraph 11.b. applicable period. In the case of a reporting entity included in a consolidated federal income tax return, the amount expected to be incurred refers to the portion of the consolidated CAMT, if any, reasonably expected to be allocable to the reporting entity pursuant to the group's TSA. However, any admitted ~~CAMT tax~~CAMT credits in this step must be realizable within the applicable~~nt~~ time period specified in the applicable Realization Threshold Limitation Table (Ex, top line - 3 years), determined consistent with the TSA. The post-valuation allowance adjusted gross DTA for any CAMT credit ~~carryforward~~ DTA is admitted following the guidance in SSAP No. 101, paragraph 11.b.i. as modified by this Interpretation. The 15% limitation of capital and surplus which is provided in SSAP No. 101, paragraph 11. b. ii. continues to apply to admitted adjusted gross DTAs, including the adjusted gross DTA for any CAMT credit ~~carryforward~~DTA.

32. A reporting entity which meets the second line of the applicable Realization Threshold Limitation Table (Ex. 1 year and 10%), the amount expected to be realized under SSAP No. 101, paragraph 11.b.i. within the applicable period determined under paragraph 11.b. **is based** on the reporting entity's "with and without" regular tax liability reduced by CAMT, if any, reasonably expected to be incurred during the paragraph 11.b. applicable period. In the case of a reporting entity included in a consolidated federal income tax return, the amount expected to be realized is reduced by the portion of the consolidated CAMT, if any, reasonably expected to be allocable to the reporting entity pursuant to the group's TSA. CAMT credit utilization during the applicable period is recognized based on the same principles, – that is, as an admitted DTA. The purpose of these computations is to account for CAMT in deferred taxes in the same manner as CAMT would be reflected in current taxes.

NAIC Staff Note: The use of the realization threshold limitation tables is consistent with the treatment of other DTAs in SSAP No. 101, paragraph 11b (most entities will use 3 years 15%). NAIC staff suggest this is simpler than trying to create new financial thresholds and realization periods. Overall, the SSAP No.

[7] "With and without" is further described in SSAP No. 101.

Commented [A22]: Language intended to reinforce that CAMT credits are "realizable" consistent with the TSA

Commented [A23]: We suggest additional language to avoid interpretation that admittance under 11.c. is not allowed.

Commented [A24]: Although the previous sentence states the reporting entity is not required to take CAMT into account in calculating the "with and without" liability, interested parties is concerned that because the CAMT DTA is evaluated for admittance separate from regular reversing DTAs misinterpretation could arise. In other words, CAMT is not taken into account in the "with and with-out" calculation but is 11.b. admittance still reduced by projected CAMT of the consolidated group (if any) during the three-year reversal period? This addition is intended to clarify any potential misreading.

Commented [A25]: Language intended to reinforce that CAMT credits are "realizable" consistent with the TSA. In situations where not all of the CAMT credit is realized within 3 years the reporting entities will need to determine how to allocate the "realized" CAMT credit among co-obligors. This additional language is intended to reinforce the allocation should be done in accordance with the TSA.

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101 11b admissibility treatment proposed in this INT is the same as existing guidance. This INT allows an exception allowing entities over 300% ex DTA RBC (3 year 15%) to avoid doing "with and without" calculations which determine the impact of CAMT for use of "normal" DTA. This was requested by industry for the higher threshold entities.

33. A reporting entity which meets or is below the third line of the applicable Realization Threshold Limitation Table (Ex. 0 years and 0%), is not permitted to admit either CAMT credit ~~carryforwards~~ DTAs or non-CAMT DTAs under SSAP No. 101, paragraph 11.b.

34. The adjusted gross DTA for any ~~CAMT tax~~CAMT credit carryforward which does not qualify for admission under SSAP No. 101, paragraph ~~11. a. or~~ 11. b. is permitted to be recognized as an offset against ~~applicable~~ deferred tax liabilities (DTLs) in accordance with SSAP No. 101, paragraph 11.c. The reporting entity shall admit the remaining amount of adjusted gross DTAs, after application of paragraphs 11.a. and 11.b. that can be offset against existing gross DTLs. The reporting entity shall consider the character (i.e., ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations.

Commented [A26]: We suggest removing "applicable" as it could apply some DTLs are not "applicable".

Commented [A27]: Interested parties suggests removing 11.a. The CAMT Credit cannot be carried back and therefore cannot be admitted under 11a.

Admittance - Projections

35. Projections of CAMT liability, if any, (and CAMT credit utilization) during the applicable period involve forward-looking data, groupings of assets and liabilities, estimates and other adjustments for both the reporting entity and the group of which it is a member. The manner in which this is done shall be conducted in a reasonable and consistent manner. A reporting entity shall retain internal documentation to support these computations and the methodologies so employed. Modifications to the estimation methodology are permitted should events or circumstances change from a previous period – such as a change in materiality or administrative costs associated with the computations, or system changes that affect the level of detail available. Entities that make such modifications should be prepared to rationalize the changes. Disclosure of material modifications, and the general reason for such, should be made in the notes to the financial statements.[8]

Commented [A28]: To avoid a broad interpretation of "groups", Interested parties suggests adding language to better align with SSAP 101 terminology.

Commented [A29]: Interested parties suggests this additional language to avoid a broad interpretation of what "modifications" could encompass.

Admittance - Tax Planning Strategies

36. SSAP No. 101 provides that **tax-planning strategies** are required to be considered in the valuation allowance analysis and may be considered in determining the admission of DTAs under SSAP No. 101, paragraph 11. For reporting entities that are part of a consolidated tax return group, tax planning strategies impacting the CAMT are determined at a group level, as long as the tax planning strategies at the group level do not conflict with tax planning strategies at the reporting level and vice versa. For reporting entities that are separate tax return filers, a reporting entity must consider tax-planning strategies in making the valuation allowance analysis required under this interpretation.

Transition Guidance

37. Even though the CAMT was enacted in 2022 and generally became effective January 1, 2023, the requirements for statutory tax accounting for the CAMT have effectively been deferred by INT 22-02. This paragraph provides the applicable transition rules for year-end 2023 statutory accounting for requests for a timely-filed TSA amendment or a new TSA for the 2023 taxable year.

[8] See paragraph 2.9 of the *SSAP No. 101 Q&A* for similar requirements in the context of grouping of assets and liabilities for measurement.

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a. Because the CAMT was newly enacted effective for 2023, TSAs in effect for periods prior to the 2023 taxable year include no explicit provisions relating to the CAMT. Thus, applicable reporting entities (with and without TSA exclusions) may need to amend TSAs to deal with the CAMT effective for the entire 2023 taxable year. A reporting entity would file a request for amendment to a TSA or a new TSA on Form D – Prior Notice of a Transaction as required under the *Insurance Holding Company System Regulatory Act* (Model #440) and the related regulation, (Model #450) with its applicable domiciliary regulator(s) and commercial domiciliary regulator(s).

b. Time is of the essence in both requesting and approving TSA amendments or a new TSA relating to the CAMT for the 2023 taxable year to be applicable to the 2023 reporting period. Accordingly, if, a reporting entity files the applicable Form D request(s) for TSA amendment or a new TSA prior to the end of 2023 to address the CAMT for 2023 and subsequent taxable years, and the domiciliary regulator~~y~~ has ~~confirmed that they have no~~not provided written objections to using the new TSA amendment or new TSA, while under review. The reporting entity shall be allowed to account for the TSA as applicable for the entire 2023 reporting period.

NAIC staff note: Application of an unsigned agreement prior finalization and approval is inconsistent with statutory accounting contract boundary principles. In addition, we have concerns with providing any guidance which might be perceived as a limitation of the state authority. We have proposed language in paragraph 37b which explicitly defers to the will of the domiciliary state and also requires filing by year end. While NAIC Staff understands the industry's desire for certainty, we don't think it can be provided for an unapproved contract and would alternatively be supportive of deleting this section.

c. If the final approved TSA differs in its treatment of the CAMT allocation from the TSA originally requested on the Form D, the difference shall be recorded as follows:

i. If Form D approval occurs subsequent to the balance sheet date, but before the issuance of the statutory financial statements and before the date the audited financial statements are issued, or available to be issued, such approval shall be considered a Type I subsequent event within the meaning of SSAP No. 9 – Subsequent Events.

ii. If the Form D approval occurs after the period which defines a subsequent event in SSAP No. 9, the difference created by such approval shall be recognized and disclosed in the period in which the approval is given.

d. The transition guidance in paragraph 37. does not apply to a reporting entity that does not file a Form D request for a CAMT-related TSA amendment or a new TSA ~~within~~ prior to the end of 2023.

38. Consistent with *SSAP No. 3—Accounting Changes and Corrections of Errors,* paragraph 4, initial application of this interpretation shall not be considered a change in accounting principle, but instead application of a new principle for the first time.

Disclosures

39. The reporting entity shall disclose whether it is a non-applicable reporting entity; an applicable reporting entity with TSA exceptions or an applicable reporting entity.

Commented [A30]: Interested parties agrees that if a reporting entity has filed its TSA while under review the reporting entity should follow the TSA for 2023; however, we propose updated language allowing reporting entities to follow the TSA for 2023 so long as the domiciliary regulator has not provided formal rejection while during the review period. This approach ensures all reporting entities follow their submitted TSAs while eliminating disparity in interpretation by audit firms (i.e. some auditors could require formal documentation from regulators while the TSA is under review and if that documentation cannot be obtained there is uncertainty if the TSA can be followed for 2023).

Commented [A31]: Removing duplicative word

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40. Additionally, the following disclosures shall be made in the notes to the financial statements of applicable reporting entities (which do not have TSA exclusions in accordance with paragraph 11 of this interpretation):

a. If the reporting entity has made an accounting policy election to either consider or disregard CAMT when evaluating the need for a valuation allowance for its ~~regular~~ non-CAMT tax DTAs described in paragraph 22 of this interpretation.

~~b. Application of the Realization Threshold Limitations Tables for the CAMT described in paragraphs 31-33 of this interpretation.~~

~~c.~~b. Any disclosure of material modifications to methodology used to project CAMT ~~ions~~ as~~is~~ required by paragraph 35 of this interpretation.

Commented [A32]: Interested parties suggests removing 40b disclosure requirement as Realization Threshold Tables are already disclosed under SSAP 101.

Commented [A33]: Suggested wording changes to conform with proposed changes to paragraph 35

41. Relevant disclosures required by SSAP No. 101 also apply including but not limited to, the following:

a. The disclosure of the statutory valuation allowance as required by SSAP No. 101, paragraph 21.

b. The disclosure of tax planning strategies is required by SSAP No. 101. In the disclosure required by SSAP No. 101, paragraph 28.b., a statement as to whether the reporting entity may be charged with a portion of CAMT incurred by the consolidated group (or credited with a portion of the consolidated group's CAMT credit utilization).

c. Inclusion of CAMT credit ~~carryforwards~~DTAs, if any, in the disclosure required by SSAP No. 101, paragraph 26.a. regarding the origination dates and expiration of tax credit carry forwards.

d. The impact of ~~CAMT tax~~CAMT-planning strategies, if any, in the disclosure required by SSAP No. 101, paragraph 22. f.

INT 23-03T Status

42. The consensuses in this interpretation are effective beginning with year-end 2023 financial statements and periods thereafter.

43. Further discussion is planned.

NAIC Staff Note: Comments requested regarding whether to add references in SSAP No. 101 scope and / or disclosures section to this INT.

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Examples

Basic Facts Used in All Examples

44. The reporting entity is a member of a tax-affiliated group of corporations that files consolidated federal income tax returns which reasonably expects to be an applicable corporation for 20X3.

a. Reporting entity also has $200x of ~~regular tax~~non-CAMT adjusted gross DTAs (i.e., has already reduced by any required valuation allowance of $40x). Of this $200x of which $150x reverses over the 3-year applicable period 20X4-20X6 and is expected to be realized.

b. At the end of 20X3, reporting entity has a $50x CAMT credit ~~carryover~~ DTA (pursuant to the consolidated group's TSA, reporting entity was allocated a portion of the group's expected 20X3 current CAMT expense, which reporting entity included in its 20X3 current tax expense).

c. The consolidated group of which the reporting entity is a member establishes a $20x valuation allowance against its $50x CAMT credit ~~carryforward~~ DTA, resulting in a CAMT~~n~~ adjusted gross DTA of $30x that is more likely than not to be realized.

d. The reporting entity makes an accounting policy election to disregard CAMT when evaluating the need for a valuation allowance for its ~~regular tax~~non-CAMT DTAs.

e. Reporting entity's capital and surplus for purposes of calculating the limitation under SSAP No. 101, paragraph 11.b. ii. is $2,000. Therefore, the 15% of surplus limitation is $300 (based on the top line of the applicable SSAP No. 101 paragraph 11.b. realization threshold limitation table), the 10% limitation is $200 (based on the second line of the applicable SSAP No. 101 paragraph 11.b. realization threshold limitation table).

f. For the purposes of these examples any DTA admittance under SSAP No. 101, paragraphs 11.a. and 11.c. is ignored.

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Example 1 – Applicable reporting entity meets or exceeds the top line of the relevant SSAP No. 101, paragraph 11.b. Realization Threshold Limitation table (Ex. 3 years, 15%).

45. The basic facts above apply with the following additional information:

a. For 20x3, the reporting entity exceeds the first line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 3-year applicable period and the limitation of capital and surplus is 15%. Pursuant to paragraph 31 of this interpretation, the reporting entity would not have to take the CAMT into account in calculating the "with and without" tax liability for purposes of determining the amount expected to be realized under SSAP No. 101, paragraph 11.b.i~~.~~.

b. The ~~reporting entity~~consolidated tax return group has assessed and determined that the ~~CAMT tax~~CAMT credit ~~carry forward~~DTA amounts after the valuation allowance of $30x is expected to be utilized in 20x4 and ~~,~~ 20x5 but ~~and~~ $15x of CAMT would be incurred in 20x6. ~~Thereby meeting redeemable within 3 years criteria in SSAP No. 101, paragraph 11b for entities which meet or exceed the top line of the applicable realization threshold limitation.~~

Commented [A34]: Interested parties suggested word change to avoid misinterpretation.

46. The reporting entity admits the $30x adjusted gross DTA for its portion of the allocated CAMT credit ~~carryover~~ DTA expected to be utilized within three years and admits the $150x ~~regular tax~~non-CAMT adjusted gross DTA after valuation allowance than can be utilized within three years ~~of~~. Therefore, the admitted non-CAMT DTA and admitted ~~CAMT tax~~CAMT credit DTA would total~~be~~ $180x ($150 +$30 =$180). Although the consolidated group is expecting to incur CAMT during the 3-year period, ~~but~~ the reporting entity does not reduce its ~~adjusted~~non-CAMT ~~gross~~ admitted DTAs by the $15x~~,~~ the CAMT expected to be allocated under the TSA to the reporting entity during the three years (pursuant to paragraph 31 of this Interpretation). Note that if the consolidated tax return group had assessed and determined that only a portion of the CAMT credit DTA after the valuation allowance was expected to be utilized in 20x4 20x5 and 20x6 then the reporting would only admit its allocation (per its TSA) of the amount of CAMT credit DTA that will be utilized by the consolidated group during the 3 years.

Commented [A35]: Updated Example 3 to correlate to language interested parties suggested for paragraph 31.

Commented [A36]: Interested parties suggests additional language to illustrate a situation when not all the CAMT DTA is utilized in the 3 years.

47. The $180 is less than the $300 15% of surplus limitation in paragraph 11bii., so it is not a limiting factor. (However, if reporting entity's 15% of surplus limitation under paragraph 11.b. ii. was $175x, the reporting entity's admitted adjusted gross DTA would be further reduced to $175).

	DTA	Valuation Allowance	Not Recoverable Within 3 Years	~~Regular~~ DTA Admitted Standalone	Impact of Consol. DTA ~~and VA~~	Admitted DTA under 11bi	15% surplus limitation under 11bii	Non-admitted DTAs
DTAs	240	-40	-50	150		150		50
CAMT credit DTA ~~(excluded)~~	50	-20	0		30	30	-	-
totals	**290**	**-60**	**-50**	**150**	**30**	**180**	**300**	**50**

Example 2. Applicable entity, that meets level 2 on the relevant SSAP No. 101, paragraph 11.b. Realization Threshold Limitation table (Ex.-1 year 10%).

48. The basic facts above apply with the following additional information:

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a. For 20x3, the reporting entity meets the second line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 1-year applicable period and the limitation of capital and surplus is 10%. Pursuant to paragraph 32 of this interpretation, the reporting entity would have to also apply the with and without calculation of the determination of the impact of the CAMT on the realization of DTAs.

b. The consolidated group of which the reporting entity is a member expects to incur CAMT in 20x4, of which $10 is expected to be allocated under the TSA to reporting entity. The reporting entity reduces its $150x of ~~regular tax~~non-CAMT admitted adjusted gross DTAs by its $10x share of the consolidated CAMT expected to be incurred in 20x4.

49. The reporting entities admitted DTA would be $140x. The result is an adjusted gross ~~regular~~ non-CAMT DTA of $150x, minus the $10 impact of the consolidated CAMT ~~DTA~~ (with and without) equals 140 admitted~~regular~~ DTA.

50. The resulting $140x of DTA admitted under paragraph 11.b.i., which is less than the $200x paragraph is less than the $200 10% of surplus limitation in paragraph 11bii., so it is not a limiting factor.

	DTA	Valuation Allowance	Not Recoverable Within 1 Year	~~Regular~~ DTA Admitted Standalone	Impact of Consol. DTA and VA	Admitted DTA under 11bi	10% surplus limitation under 11bii	Non-admitted DTAs
DTAs	240	-40	-50	150	-10	140		60
CAMT credit DTA ~~(excluded)~~	50	-20	-30				-	30
totals	**290**	**-60**	**-80**	**150**	**-10**	**140**	**200**	**90**

Example 3 Applicable entity with qualifying TSA exclusions

51. The basic facts situation applies.

a. Similar to Example 1, the reporting entity meets the exceeds the first line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 3-year applicable period and the limitation of capital and surplus is 15%.

b. The reporting entity is excluded pursuant to the TSA from any allocation of CAMT or CAMT credit utilization in a qualifying TSA as described in paragraph 11 of this interpretation.

52. Accordingly, the reporting entity for 20x3, would be excluded from the CAMT calculations, and the reporting entity's admitted adjusted gross DTA would be $150x. which is the amount after the valuation allowance of $40 and the $50 reduction for the amount not recoverable within 3 years.

53. The $150 is less than the $300 15% of surplus limitation in paragraph 11bii., so it is not a limiting factor.

	DTA	Valuation Allowance	Not Recoverable Within 3 Years	~~Regular~~ DTA Admitted Standalone	Impact of Consol. DTA and VA	Admitted DTA under 11bi	15% surplus limitation under 11bii	Non-admitted DTAs
DTAs	240		-50	150		150		50

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		-40						
CAMT credit DTA (excluded)	0						-	-
totals	**240**	**-40**	**-50**	**150**		**150**	**300**	**50**

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Ref #2023-12

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Residuals in SSAP No. 48 Investments

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:

This agenda item proposes revisions to clarify the scope and reporting for investment structures that represent residual interests or a residual security tranche (collectively referred to as residuals) within statutory accounting principles. Previously, revisions have been incorporated in *SSAP No. 43R—Loan-Backed and Structured Securities* to address the reporting of residual interests within securitization structures. With these revisions, residual interests, as defined within SSAP No. 43R, were required to be reported on Schedule BA on designated reporting lines beginning year-end 2022. After reviewing the 2022 reporting results, it was identified that the information for residuals may be underrepresented as a result of the various legal forms that residual investments can take. For example, a reporting entity could hold investments that have the substance of residual interests in the form of limited partnerships, joint ventures, or other equity fund investments. To ensure collective and consistent reporting of all residual interests, this agenda item proposes guidance to clarify the reporting of in-substance residuals regardless of the structure of the investment vehicle.

The discussion of residual interests often compares those securities to equity interests. These two investment structures are not synonymous, and it should not be perceived that all equity interests reflect residuals. A residual interest or a residual security tranche exists in investment structures that are backed by a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. These collateral assets generate cash flows that provide interest and principal payments to debt holders, and once those contractual requirements are met, the resulting excess funds generated by (or with the sale of) the collateral assets are provided to the holder of the residual interest. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent cash flows will be generated and distributed. The residual interest holder absorbs these losses (as it reduces what they could receive as a residual holder) while the holders of the debt securities continue to receive interest and principal, so long as there are enough collateral cash flows to cover them. The residual holder may ultimately receive nothing, a reduced amount from original projection, or large returns, based on how the underlying collateral assets perform.

The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' cash flows after all debt holders receive contractual interest and principal payments. The list below provides common characteristics in residuals, but with varying (and often changing structures), this list should not be used as rules governing whether a security reflects a residual interest. Determining whether a security reflects a residual interest or tranche for reporting purposes shall be based on the substance of the investment held rather than its legal form.

Common Characteristics of Residual Interests/Residual Security Tranches:

- Residuals often do not have contractual principal or interest.

- Residuals may have stated principal or interest, but with terms that result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.
- Residuals do not have credit ratings or NAIC assigned designations. Rather, they provide the subordination to support the credit quality of the typically rated debt tranches.
- Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after other tranche holders receive contractual principal and interest payments.
- Frequently, there are contractual triggers that divert cash flows from the residual tranche to the debt tranches if the structure becomes stressed.

Existing Authoritative Literature:

SSAP No. 43R—Loan-Backed and Structured Securities defines residuals specific to securitizations or beneficial interests and requires these securities to be reported on dedicated Schedule BA reporting lines. (This guidance was effective for year-end 2022 and detailed in agenda item 2022-15.)

26. Loan-backed and structured securities shall be valued and reported in accordance with this statement, the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), and the designation assigned in the *NAIC Valuations of Securities* product prepared by the NAIC Securities Valuation Office or equivalent specified procedure. The carrying value method shall be determined as follows:

    a. For reporting entities that maintain an Asset Valuation Reserve (AVR), loan-backed and structured securities, excluding residual tranches or interests, shall be reported at amortized cost, except for those with an NAIC designation of 6, which shall be reported at the lower of amortized cost or fair value.

    b. For reporting entities that do not maintain an AVR, loan-backed and structured securities designated highest-quality and high-quality (NAIC designations 1 and 2, respectively), excluding residual tranches or interests, shall be reported at amortized cost; loan-backed and structured securities that are designated medium quality, low quality, lowest quality and in or near default (NAIC designations 3 to 6, respectively) shall be reported at the lower of amortized cost or fair value.

    c. For residual tranches or interests[FN] captured in scope of this statement, all reporting entities shall report the item on Schedule BA: Other Long-Term Invested Assets at the lower of amortized cost or fair value. Changes in the reported value from the prior period shall be recorded as unrealized gains or losses. For reporting entities that maintain an AVR, the accounting for unrealized gains and losses shall be in accordance with *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*.

    Footnote: Reference to “residual tranches or interests” intends to capture securitization tranches and beneficial interests as well as other structures captured in scope of this statement that reflect loss layers without any contractual payments, whether principal or interest, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. Although payments to holders can occur throughout an investment’s duration (and not just at maturity), such instances still reflect the residual amount permitted to be distributed after other holders have received contractual interest and principal payments.

Annual Statement Instructions also detail specific reporting lines for residuals with instructions for reporting in Schedule BA:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Fixed Income Instruments

Unaffiliated....................4699999

Affiliated....................4799999

Common Stock

Unaffiliated....................4899999

Affiliated....................4999999

Preferred Stock

Unaffiliated....................5099999

Affiliated....................5199999

Real Estate

Unaffiliated....................5299999

Affiliated....................5399999

Mortgage Loans

Unaffiliated....................5499999

Affiliated....................5599999

Other

Unaffiliated....................5699999

Affiliated....................5799999

<u>Residual Tranches or Interests with Underlying Assets Having Characteristics of:</u>

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests captures securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.

<u>Fixed Income Instruments</u>

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 1 – Long-Term Bonds*

<u>Common Stocks</u>

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 2 – Section 2 – Common Stocks*

<u>Preferred Stocks</u>

Include: Investments with underlying collateral which, if held individually, would be reported on *Schedule D – Part 2 – Section 1 – Preferred Stocks*

Real Estate

Include:	Investments with underlying collateral which, if held individually, would be reported on *Schedule A – Real Estate Owned*

Mortgage Loans

Include:	Investments with underlying collateral which, if held individually, would be reported on *Schedule B – Mortgage Loans*

Other

Include:	Items that do not qualify for inclusion in the above subcategories.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

- Under the principles-based bond project, revisions have been proposed to incorporate guidance for residuals in *SSAP No. 21R—Other Admitted Assets*. With the Spring 2023 National Meeting exposure, information was requested from industry on how amortized cost for residuals was determined as well as how other-then-temporary assessments were completed.

- The Investment Risk and Evaluation (IRE) Risk Based-Capital (E) Working Group is considering a structural change and a potential factor change for residuals reported on Schedule BA. The year-end 2022 data was reviewed and was noted to underrepresent the full scope of residual tranche securities held by insurance reporting entities as the current guidance in SSAP No. 43R is specific to securitizations or beneficial interests.

- A March 31, 2023, Valuation of Securities (E) Task Force referral to the Statutory Accounting Principles (E) Working Group identified other structures that could contains residual tranche securities that may not be captured within the year-end 2022 Schedule BA dedicated residual reporting lines.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): NA

Recommendation:
NAIC staff recommend that the Working Group move this item to the active listing, as a SAP clarification, and expose revisions to clarify that investments structures captured in scope of *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*, that represent residual interests or that predominantly hold residual interests, shall be reported on the dedicated residual reporting line on Schedule BA. As these investments are already reported on Schedule BA, this revision results in a reporting classification change within the same schedule. These investments are still considered to be in scope of SSAP No. 48 and they are only permitted to be admitted if they qualify as admitted assets pursuant to requirements of SSAP No. 48. (Under SSAP No. 48, investments in scope must be supported by an audit to qualify for admittance.)

<u>Proposed revisions to *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*:</u>

New header and paragraphs 18-20. All other paragraphs will be renumbered accordingly.

Residual Interests and Reporting

18. Investments in scope of this statement are reported on *Schedule BA: Other Long-Term Assets*. Schedule BA includes dedicated reporting categories for joint ventures, partnerships, and limited liability company investments as well as for residual interests, both with reporting lines in accordance with underlying asset characteristics. Investments within scope of this standard shall be divided within these reporting categories, with investments that reflect residual interests, or that predominantly hold residual interests, captured in the residual interest reporting category.

19. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that are backed by a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. These collateral assets generate cash flows that provide interest and principal payments to debt holders, and once those contractual requirements are met, the resulting funds generated by (or with the sale of) the collateral assets are provided to the holder of the residual security / residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual security holder absorbs these losses first (as it reduces what they could receive as a residual holder) while the holders of the debt securities continue to receive interest and principal so long as there are enough collateral cash flows to cover them. The residual holder may ultimately receive nothing, a reduced amount from original projection, or large returns, based on how the underlying collateral assets perform.

20. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' cash flows after all debt holders receive contractual interest and principal payments. Determining whether a security reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may have stated principal or interest, but with terms that result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they provide the subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after other tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual tranche to the debt tranches if the structure becomes stressed.

Corresponding revisions are also proposed to SSAP No. 43R—Loan-Backed and Structured Securities:

Revisions are proposed to pull the residual guidance into a new section, after paragraph 26, rather than a footnote. Remaining paragraphs will be renumbered accordingly.

Reporting Guidance for All Loan-Backed and Structured Securities

26. Loan-backed and structured securities shall be valued and reported in accordance with this statement, the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual), and the designation assigned in the NAIC Valuations of Securities product prepared by the NAIC Securities Valuation Office or equivalent specified procedure. The carrying value method shall be determined as follows:

a. For reporting entities that maintain an Asset Valuation Reserve (AVR), loan-backed and structured securities, excluding residual tranches or interests, shall be reported at amortized cost, except for those with an NAIC designation of 6, which shall be reported at the lower of amortized cost or fair value.

b. For reporting entities that do not maintain an AVR, loan-backed and structured securities designated highest-quality and high-quality (NAIC designations 1 and 2, respectively), excluding residual tranches or interests, shall be reported at amortized cost; loan-backed and structured securities that are designated medium quality, low quality, lowest quality and in or near default (NAIC designations 3 to 6, respectively) shall be reported at the lower of amortized cost or fair value.

c. For residual tranches or interests[1] captured in scope of this statement, all reporting entities shall report the item on Schedule BA: Other Long-Term Invested Assets at the lower of amortized cost or fair value. Changes in the reported value from the prior period shall be recorded as unrealized gains or losses. For reporting entities that maintain an AVR, the accounting for unrealized gains and losses shall be in accordance with *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*.

Residual Tranches or Interests

27. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures (including securitizations, beneficial interests and other structures captured in scope of this statement) that are backed by a discrete pool of collateral assets. These collateral assets generate cash flows that provide interest and principal payments to debt holders, and once those contractual requirements are met, the resulting funds generated by (or with the sale of) the collateral assets are provided to the holder of the residual security / residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual security holder absorbs these losses first (as it reduces what they could receive as a residual holder) while the holders of the debt securities continue to receive interest and principal so long as there are enough collateral cash flows to cover them. The residual holder may ultimately receive nothing, a reduced amount from original projection, or large returns, based on how the underlying collateral assets perform.

28. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' cash flows after all debt holders receive contractual interest and principal payments. Determining whether a security reflects a residual interest or tranche for reporting purposes shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a

residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may have stated principal or interest, but with terms that result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they provide the subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after other tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual tranche to the debt tranches if the structure becomes stressed.

Proposed revisions to Annual Statement Instructions:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests ~~captures~~ from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*. ~~, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.~~

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' cash flows after all debt holders receive contractual interest and principal payments. Determining whether a security reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may have stated principal or interest, but with terms that result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they provide the subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after other tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual tranche to the debt tranches if the structure becomes stressed.

Staff Note: With adoption of guidance to define a residual, corresponding revisions will also be proposed to the SSAPs proposed to be updated under the principles-based bond definition (e.g., *SSAP No. 43R—Asset-Backed Securities* and *SSAP No. 21R—Other Admitted Assets*.)

Staff Review Completed by: Julie Gann - NAIC Staff, April 2023

Status:
On May 16, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 48 which clarify that investments structures captured in scope of SSAP No. 48 that represent residual interests or that predominantly hold residual interests, shall be reported on the dedicated residual reporting line on Schedule BA. Corresponding edits to ensure consistent language in SSAP No. 43R and revisions to the Schedule BA Annual Statement Instructions were also exposed.

On August 13, 2023, the Statutory Accounting Principles (E) Working Group exposed revisions as shown below in the updated July 2023 recommendation with a shortened comment deadline ending September 12, 2023. The updated recommendation was based on interim discussions and coordination with industry representatives.

Updated Recommendation - July 12, 2023
NAIC staff has been working directly with regulators and industry on the proposed revisions to ensure consistent reporting classification for residuals. As a result of this coordination, updated revisions are proposed. Changes from the prior proposal are shaded:

SSAP No. 48 - New header and paragraphs 18-20. All other paragraphs will be renumbered accordingly.

Residual Interests and Reporting

18. Investments in scope of this statement are reported on *Schedule BA: Other Long-Term Assets*. Schedule BA includes dedicated reporting categories for joint ventures, partnerships, and limited liability company investments as well as for residual interests, both with reporting lines in accordance with underlying asset characteristics. Investments within scope of this standard shall be divided within these reporting categories, with investments that reflect residual interests, or that predominantly hold residual interests, captured in the residual interest reporting category.

19. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of ~~are backed by~~ a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The~~se~~ collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows). ~~, and~~ Once those contractual requirements are met, the ~~resulting funds~~ remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. ~~security holder absorbs these losses first (as it reduces what they could receive as a residual holder) while the holders of the debt securities continue to receive interest and principal so long as there are enough collateral cash flows in excess of the debt obligations to cover them. The residual holder may ultimately receive nothing, a reduced amount from original projection, or large returns, based on how the underlying collateral assets perform.~~ The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

20. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive ~~'residual'~~ the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure ~~a security~~ reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be ~~have~~ stated principal or interest but that lack substance, and ~~with terms that~~ result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide ~~the~~ subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after ~~other~~ debt tranche holders receive contractual principal and interest payments.

Ref #2023-12

e. Frequently, there are contractual triggers that divert cash flows from the residual ~~tranche~~ holders to the debt tranches if the structure becomes stressed.

Corresponding revisions are then proposed to SSAP No. 43R and the Schedule BA Annual Statement Instructions:

SSAP No 43R:

Residual Tranches or Interests

27. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of ~~are backed by~~ a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The~~se~~ collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows).~~and~~ Once those contractual requirements are met, the ~~resulting funds~~ remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. ~~security holder absorbs these losses first (as it reduces what they could receive as a residual holder) while the holders of the debt securities continue to receive interest and principal so long as there are enough collateral cash flows in excess of the debt obligations to cover them. The residual holder may ultimately receive nothing, a reduced amount from original projection, or large returns, based on how the underlying collateral assets perform.~~ The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

28. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive ~~'residual'~~ the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure ~~a security~~ reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be ~~have~~ stated principal or interest but that lack substance, and ~~with terms that~~ result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide ~~the~~ subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after ~~other~~ debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual ~~tranche~~ holders to the debt tranches if the structure becomes stressed.

Schedule BA Annual Statement Instructions:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Investment in Residual Tranches or Interests, as defined within *SSAP No. 43R—Loan-Backed and Structured Securities or SSAP No. 48—Joint Ventures, Partnerships and Limited Liabilities Companies* should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests ~~captures~~ from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*. ~~, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.~~

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

~~The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive 'residual' the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure a security reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests / residual security tranches include the items noted below, but the presence of absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.~~

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be ~~have~~ stated principal or interest but that lack substance, and ~~with terms that~~ result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide ~~the~~ subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after ~~other~~ debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual ~~tranche~~ holders to the debt tranches if the structure becomes stressed.

On September 21, 2023, the Statutory Accounting Principles (E) Working Group adopted the revisions as exposed on August 13, 2023, to *SSAP No. 43R—Loan-Backed and Structured Securities* and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, and adopted revisions to the Annual Statement Instructions modified from the exposure to reflect industry comments. As clarification revisions for the reporting of residual interests, so that all residuals are captured on the dedicated Schedule BA reporting lines, the revisions are effective for year-end December 31, 2023. The revisions to the Annual Statement Instructions will be forwarded to the Blanks (E) Working Group in the year-end memo and for a future blanks proposal. The adopted statutory accounting revisions and annual statement instructions are shown below:

SSAP No. 48 - New header and paragraphs 18-20. All other paragraphs will be renumbered accordingly.

Residual Interests and Reporting

18. Investments in scope of this statement are reported on *Schedule BA: Other Long-Term Assets*. Schedule BA includes dedicated reporting categories for joint ventures, partnerships, and limited liability company investments as well as for residual interests, both with reporting lines in accordance with underlying asset characteristics. Investments within scope of this standard shall be divided within these reporting categories, with investments that reflect residual interests, or that predominantly hold residual interests captured in the residual interest reporting category.

19. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows). Once those contractual requirements are met, the remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

20. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

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c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual holders to the debt tranches if the structure becomes stressed.

SSAP No 43R: New Header and paragraphs 27-28. All other paragraphs will be renumbered accordingly.

Residual Tranches or Interests

27. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows). Once those contractual requirements are met, the remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

28. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

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e. Frequently, there are contractual triggers that divert cash flows from the residual holders to the debt tranches if the structure becomes stressed.

Schedule BA Annual Statement Instructions:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests ~~captures~~ from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*. ~~, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.~~

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

Interpretation of the Statutory Accounting Principles (E) Working Group

INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax

INT 23-02 Dates Discussed
August 13, 2023; September 21, 2023

INT 23-02 References

Current:
SSAP No. 9— Subsequent Events
SSAP No. 101—Income Taxes

INT 23-02 Issue

Key Provisions of the Inflation Reduction Act

1. The Inflation Reduction Act (Act) was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). The CAMT is effective for tax years beginning after 2022. Reporting entities shall refer to the Act and the resulting regulations and other tax guidance to determine application, but a high-level summary of the CAMT is below.

a. The tentative CAMT is 15% of the corporation's "adjusted financial statement income" for the tax year, reduced by the corporate alternative minimum foreign tax credit.

b. The CAMT differs from the previous traditional alternative minimum tax (AMT) that applied under pre-2018 tax law in that it starts at a financial statement measure (book income) – not an Internal Revenue Code taxable income calculation. Adjusted financial statement income does not include other comprehensive income including unrealized gains and losses on available for sale securities. The determination of whether the CAMT applies is made on a tax-controlled group basis (scope determination), the tentative CAMT is based on the group's adjusted financial statement income (not adjusted regular taxable income), and any tax due (liability determination) is based on a comparison of consolidated tentative CAMT to consolidated regular tax.

c. The CAMT applies only to corporations (determined on a tax-controlled group basis as defined for federal income tax purposes, this could include standalone unaffiliated entities which meet the specified income thresholds) with average annual adjusted financial statement income in excess of $1 billion for three prior taxable years. The threshold is reduced to $100 million in the case of certain foreign-owned corporations. A corporation that meets the applicable threshold is an "applicable corporation." Applicable corporations generally remain applicable corporations for subsequent taxable years unless certain limited exceptions apply. Applicable corporation status means that CAMT must be tentatively determined and compared to regular tax liability.

d. A corporation's adjusted financial statement income is the amount of net income or loss the corporation reports on its applicable financial statement. The income is adjusted for various purposes including certain adjustments in the case of consolidated returns or for foreign income.

e. The Act includes references to the tax code which provides a hierarchy for determining the "applicable financial statement." At a high level, the first choice is U.S. generally accepted accounting principles (GAAP) financial statements; the second choice is international financial reporting standards (IFRS) financial statements. If GAAP and IFRS financial statements are not available, the financial statements filed by the taxpayer with any other regulatory or government body are acceptable. If the taxpayer is part of a tax-controlled group of corporations, the group's applicable financial statement is the applicable financial statement for each member of the group.

f. To determine its U.S. federal income tax liability, an applicable corporation will need to compute taxes under both systems—the regular tax system and the CAMT system. The CAMT is payable to the extent the tentative CAMT exceeds the sum of the regular corporate income tax plus base erosion and anti-abuse tax (BEAT) liability.

g. Any CAMT paid is available indefinitely as a credit carryover that would reduce future regular tax in future years when the regular tax liability is in excess of CAMT tax liability. That is, the CAMT tax credit can be used to reduce the regular tax but not below CAMT liability.

h. A foreign tax credit (FTC) may reduce the tentative minimum CAMT. Note that unused FTCs may be carried forward for 5 years. General business credits can generally offset up to 75% of the sum of regular and minimum tax.

2. The Working Group previously issued *INT 22-02: Third Quarter 2022 through Second Quarter 2023 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax* which addressed third quarter 2022 through second quarter 2023. INT 22-02 noted that a reasonable estimate of the CAMT was not possible for those reporting periods and required disclosures.

3. This interpretation is focused on addressing accounting and reporting aspects of the CAMT for third quarter 2023 reporting (reporting period July 1 through September 30, 2023). While most insurers will not be applicable corporations, this interpretation provides temporary third quarter 2023 statutory accounting guidance for all reporting entities that are or expect to be applicable entities with respect to the CAMT. A separate interpretation is being developed for year-end 2023 and periods thereafter.

4. Although it is likely that most insurers that are applicable corporations will be members of a tax-controlled group of corporations and included in a consolidated federal income tax return with other members of the group, this interpretation applies to all applicable reporting entities. For reporting entities subject to the CAMT, this includes an unaffiliated corporation[1] that files a separate tax return, a member of a tax-controlled group not included in the common parent company's consolidated tax return that files a separate company tax return or a separate consolidated tax return with other members of the group, or as a member of the common parent's consolidated return group.

Interpretation Issues

5. *SSAP No. 101—Income Taxes,* paragraph 7.e. requires the statutory valuation allowance adjustment as a direct reduction in the gross DTA if, based on the weight of available evidence, it is more likely than

[1] As used herein, an "unaffiliated" corporation is one that is not a member of a tax-controlled group.

not that some or all of the gross DTAs will not be realized. Gross DTA less the statutory valuation allowance results in adjusted gross DTAs. The statutory valuation allowance adjustment is not reported as a separate line in the statutory financial statements (it is an off-balance sheet item that reduces the gross DTAs). The statutory valuation allowance is disclosed.

6. The statutory accounting calculation for admissible DTAs is determined using adjusted gross DTAs (gross DTAs reduced by the valuation allowance). For statutory accounting, admittance of adjusted gross DTAs in SSAP No. 101 depends on a three-component calculation, for which the second step limits admittance of adjusted gross DTAs to those that are expected to be realized in a timeframe that does not exceed three years. The actual number of years permitted depends on specifics for each reporting entity (type and other information about the reporting entity), but the maximum timeframe is three years. The last step admits DTAs which can be offset by DTLs.

7. Guidance in *SSAP No. 9—Subsequent Events* requires consideration of Type I and Type II[2] subsequent events through the date of the statutory financial statements and the date of issuance of the audited financial statements, or the date in which audited financial statements are available to be issued. For subsequent events identified after the statutory financial statements reporting date (example September 30) but before the statements are filed (example, November 15), reporting entities are generally required by their domestic state to reflect estimates in their filed statutory financial statements. Under this guidance, as additional information is made available on the impact of the Act, or information becomes available to update estimates and assessments, under existing statutory accounting guidance in SSAP No. 9, reporting entities would need to identify updated estimates as a Type I subsequent event in the audited financial statements.

Issue 1 – Consideration of the Act for Third Quarter 2023 Financial Statements

8. Under statutory accounting guidance, reporting entities filing statutory financial statements would have to consider the applicability of the CAMT and if applicable, attempt to determine the impact on the statutory valuation allowance as well as assess DTAs for admissibility (e.g., realization timeframe). These elements will be collectively referred to as "calculations impacted by the Act" or "calculations impacted by the CAMT." Exceptions to these calculations impacted by the CAMT have previously been provided under INT 22-02 through second quarter 2023.

9. This interpretation will address the issue for what reporting entities are required to report or disclose regarding the calculations impacted by the CAMT for third quarter 2023 (July 1 through September 30, 2023, financial statements.)

Issue 2 – Consideration of Subsequent Events for Third Quarter 2023 Financial Statements

10. SSAP No. 9 requires consideration of subsequent events through the date of the statutory financial statements and the date of issuance of the audited financial statements, or the date in which audited financial statements are available to be issued. An exception to this requirement has previously been provided under INT 22-02 through second quarter 2023.

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[2] A Type I subsequent event relates to an event or transaction that provides 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. Under SSAP No. 9, entities shall recognize in the financial statements the effects of all material Type I subsequent events. A Type II subsequent event pertains to events or transactions that provide evidence to conditions that did not exist at the balance sheet date but arose after that date. Type II events are disclosed in the financial statements.

INT 23-02: Inflation Reduction Act – Third Quarter 2023 Corporate Alternative Minimum Tax

11. For reporting entities that materially revise or establish calculations impacted by the CAMT during the third quarter 2023 or immediately subsequent to the third quarter (including the statutory valuation allowance, the timing of determination of net admitted DTAs, and the determination of the applicability of the CAMT and any related liabilities), this interpretation will address the extent a Type I or Type II subsequent event assessment is required for third quarter 2023 financial reporting.

INT 23-02 Discussion

12. The Statutory Accounting Principles (E) Working Group tentative consensuses to the noted issues are included below.

Response: Issue 1 – Consideration of the Act for Third Quarter 2023 Financial Statements

13. Reporting entities that are aware they will be subject to the CAMT would normally have to reflect the effects of the Act on the calculations impacted by the CAMT if reasonably estimable for the third quarter 2023. The Act was adopted in August 2022; however, entities may continue to have a considerable number of unknown variables for September 30, 2023, reporting. As such, the Working Group has determined that a reasonable estimate might not be determinable for third quarter 2023 interim financial statements for the calculations impacted by the CAMT for some entities.

14. If a reporting entity is an applicable corporation and has determined a reasonable estimate, it shall be disclosed. If a reporting entity is an applicable corporation and cannot determine a reasonable estimate, the reporting entity shall disclose that they expect to be an applicable corporation but have not determined a reasonable estimate.

15. Because reasonable estimates of calculations impacted by the CAMT might not be determinable, reporting entities shall only disclose impacts related to CAMT for third quarter 2023 financial statements for which reasonable estimates are possible. If the reporting entity is an applicable corporation, they shall make the following disclosures regarding the CAMT and the Act:

a. A statement regarding whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined if it expects to be liable for CAMT in 2023. For example:

    i. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it does not expect to be liable for CAMT in 2023.

    ii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has not determined as of the reporting date if it will be liable for CAMT in 2023. The third quarter 2023 financial statements do not include an estimated impact of the CAMT because a reasonable estimate cannot be made.

    iii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it expects to be liable for CAMT in 2023. The third quarter 2023 financial statements shall disclose the estimated impact of the CAMT.

Response: Issue 2 – Consideration of Subsequent Events for Third Quarter 2023 Financial Statements

16. For third quarter 2023 reporting, CAMT updated estimates or other calculations affected by the Act determined subsequent to third quarter statutory financial statement or filing date shall not be recognized as Type I subsequent events. Meaning, third quarter financial statements are not required to reflect updated estimates subsequent to the third quarter reporting date and prior to the filing of the third quarter financial statements. With the disclosure required under Issue 1, additional subsequent event disclosure (such as what would be required for Type II event) is not required.

17. Reporting entities shall be working in good faith to complete the accounting for the changes adopted under the Act.

INT 23-02 Status

18. The tentative consensuses in this interpretation were adopted on September 21, 2023 to provide reporting guidance regarding the calculations impacted by the CAMT and provide limited-scope, limited-time exceptions to the valuation allowance and DTA calculations in response to legislation under SSAP No. 101 as well as Type I subsequent event requirements in SSAP No. 9 for September 30, 2023, statutory reporting. As detailed, the exceptions to SSAP No. 101 and SSAP No. 9 are effective for the third quarter 2023.

19. This interpretation will be automatically nullified on November 16, 2023, and as additional guidance for year end 2023 reporting is being separately developed.

20. No further discussion is planned.

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2023-3 fall/summary and minutes/sapwg/attoned3-int 23-02 3q camt final.docx

Ref #2023-04

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Corporate Alternative Minimum Tax Guidance

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
The Inflation Reduction Act (Act) was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). In December 2022, the Working Group adopted temporary guidance to address the CAMT in *INT 22-02: Third Quarter 2022 through First Quarter 2023 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax*.

This agenda item is to begin the project of providing guidance regarding the CAMT for periods after the first quarter 2023. Interested parties of the SAPWG have submitted initial informal recommendations to assist with preparing the guidance.

The Act and the CAMT go into effect for tax years beginning after 2022. A high-level summary regarding the CAMT is as follows:

a. The CAMT is 15% of the corporation's "adjusted financial statement income" for the tax year, reduced by corporate alternative minimum foreign tax credit. The CAMT differs from the previous traditional alternative minimum tax (AMT) in that it starts at a financial statement measure (book income) – not an Internal Revenue Code tax calculation.

b. The CAMT will only apply to corporations (determined on an affiliated group basis) with an average adjusted financial statement income in excess of $1 billion for the three prior tax years. This threshold is reduced to $100 million in the case of certain foreign-parented corporations. When a corporation becomes subject to the CAMT, it remains subject to the calculation of the CAMT, even if its average adjusted financial statement income is less than $1 billion, unless an exception applies.

c. A corporation's adjusted financial statement income is the amount of net income or loss the corporation reports on its applicable financial statement. The income is adjusted for various purposes including certain adjustments in the case of consolidated returns or for foreign income tax.

d. The Act includes references to the tax codes which provides a hierarchy for determining the "applicable financial statement." At a high level, the first choice is U.S. generally accepted accounting principles (GAAP) financial statements; the second choice is international financial reporting standards (IFRS) financial statements. If GAAP and IFRS financial statements are not available, the financial statements filed by the taxpayer with any other regulatory or government body is acceptable. If the taxpayer is part of an affiliated group of corporations filing a consolidated return the adjustable financial statement income for the group considers the group's applicable financial statement.

e. To determine its U.S. federal income tax liability, a corporation will need to compute taxes under both systems — the regular tax system and the CAMT system. The CAMT is payable to the extent the tentative CAMT exceeds the regular corporate income tax. The tentative corporate alternative minimum tax will be the excess of the tentative corporate alternative minimum tax over regular income tax + base erosion and anti-abuse tax (BEAT) liability. A foreign tax credit (FTC) will reduce the tentative minimum CAMT. Note that unused FTCs can be carried forward 5 years.

f. General business credits can generally offset up to 75% of regular and minimum tax.

g. Any CAMT paid is available indefinitely as a tax credit carryover that could reduce future regular tax if the regular tax liability plus the base erosion and anti-abuse tax (BEAT) exceeds the tentative minimum tax is in excess of CAMT tax liability. That is, the CAMT tax credit (CAMT DTA) can be used to reduce the regular tax but not below CAMT liability.

h. The Act directs the Treasury to issue regulations and other guidance relate to implementing the CAMT. As of February 2023, several issues are pending detailed clarifications from the Treasury.

The CAMT presents several accounting challenges including:

1. Financial Projections - There will be challenges estimating future applicable financial statement income for a group of companies outside of the reporting entity. In addition, there are challenges related to projecting partnership/alternative investment income for applicable financial statement income projections.

2. Payment of the CAMT creates a deferred tax asset which can be carried forward indefinitely. Determining the future period when the CAMT credit can be used will require projections of future regular tax and CAMT, which may also require information external to the reporting entity.

3. Tax sharing agreements and allocation of the CAMT liability which is determined on a consolidated basis.

4. The CAMT DTA (tax credit) can be used to reduce the general tax liability but not below the CAMT. Therefore, the Working Group will need to review treatment under the statutory valuation allowance and also the interaction of the realizability of the CAMT DTA on other DTAs. That is, use of the CAMT DTA, may reduce the realizability of other DTAs. Related topics are as follows:

    a. Is an estimate of future CAMT required for the determination of DTA realization under the "with and without" calculation? CAMT DTAs would reduce realization under the with and without approach,

    b. Under GAAP, for the analysis of realizably of non-AMT credit deferred tax assets, the company may elect to consider or disregard its AMT status as long as it is consistent. If the company elects to consider AMT, must book the valuation allowance in the period of enactment (period that includes August of 2022). If material, the company has to disclose the accounting policy election.

    c. Admissibility of CAMT DTAs under SSAP No. 101, particularly for the paragraph 11b admissibility calculation, presents challenges.

Existing Authoritative Literature:
SSAP No. 101—Income Taxes provides the federal income tax guidance for statutory accounting.

Ref #2023-04

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): In December 2022, the Working Group adopted *INT 22-02: Third Quarter 2022 through First Quarter 2023 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax*.

In addition, *INT 22-03: Inflation Reduction Act - Corporate Alternative Minimum Tax* was exposed for comment in October 2022, but not finalized.

In 2019 the Working Group revised the *SSAP No. 101—Income Taxes-Implementation Q&A* to update examples and guidance in response to the federal Tax Cuts and Jobs Act which repealed of the Alternative Minimum Tax in agenda item 2019-09: SSAP No. 101 – Q&A Updates – TCJA.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): None.

Staff Review Completed by: Robin Marcotte– NAIC Staff, February 2023

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification and direct NAIC staff, to continue to work with industry on developing guidance for the reporting of the CAMT for future Working Group discussion.

The CAMT presents several accounting challenges, Working Group input will be needed on several decisions points including: treatment of tax sharing agreements, consideration regarding the CAMT DTA in the statutory valuation allowance, and the treatment of CMATs DTAs, in the overall DTA admissibility calculation. Staff will also need Working Group input on whether to maintain an RBC threshold for the SSAP No. 101, paragraph 11b admissibility test and the overall extent of admissibility of the CAMT DTAs.

Status:
On March 22, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and directed staff to work with industry on developing guidance for CAMT for interim discussion.

On August 13, 2023, the Statutory Accounting Principles (E) Working Group exposed *INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax* for comment with a proposed effective date of year-end 2023. After discussion, the Working Group also directed that the exposed INT 23-03T, including guidance which provides for the admissibility of CAMT credits under SSAP No. 101, paragraph 11c. should be consistent with the treatment of other DTAs under this step (see exposure paragraph 34).

On September 21, 2023, the Statutory Accounting Principles (E) Working Group adopted *INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax*, which incorporated the majority of the revisions proposed by interested parties. However, these revisions did not change the overall principles exposed. This interpretation applies for reporting periods on or after December 31, 2023

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneD4-23-04-CAMT.docx

Interpretation of the Statutory Accounting Principles (E) Working Group

INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax

INT 23-03 Dates Discussed
August 13, 2023; September 21, 2023

INT 23-03 References

Current:
SSAP No. 4—Assets and Nonadmitted Assets
SSAP No. 9— Subsequent Events
SSAP No. 101—Income Taxes

INT 23-03 Issue

Key Provisions of the Inflation Reduction Act

1. The Inflation Reduction Act (Act) was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). The CAMT is effective for tax years beginning after 2022. Reporting entities shall refer to the Act and the resulting regulations and other tax guidance to determine application, but a high-level summary of the CAMT is below.

   a. The tentative CAMT is 15% of the corporation's "adjusted financial statement income" for the tax year, reduced by corporate alternative minimum foreign tax credit.

   b. The CAMT differs from the previous traditional alternative minimum tax that applied under pre-2018 tax law in that it starts at a financial statement measure (book income) – not an Internal Revenue Code taxable income calculation. Adjusted financial statement income does not include other comprehensive income including unrealized gains and losses on available for sale securities. The determination of whether the CAMT applies is made on a tax-controlled group basis (scope determination), the tentative CAMT is based on the group's adjusted financial statement income (not adjusted regular taxable income), and any tax due (liability determination) is based on a comparison of consolidated tentative CAMT to consolidated regular tax (non-CAMT).

   c. The CAMT applies only to corporations (determined on a tax-controlled group basis as defined for federal income tax purposes, this could include standalone unaffiliated entities which meet the specified income thresholds – see paragraph 3) with average annual adjusted financial statement income in excess of $1 billion for three prior taxable years. The threshold is reduced to $100 million in the case of certain foreign-owned corporations. A corporation that meets the applicable threshold is an "applicable corporation." Applicable corporations generally remain applicable corporations for subsequent taxable years unless certain limited exceptions apply. Applicable corporation status means that CAMT must be tentatively determined and compared to regular (non-CAMT) tax liability.

   d. A corporation's adjusted financial statement income is the amount of net income or loss the corporation reports on its applicable financial statement. The income is adjusted for various purposes including certain adjustments in the case of consolidated returns or for foreign income.

e. The Act includes references to the tax code which provides a hierarchy for determining the applicable financial statement. At a high level, the first choice is U.S. generally accepted accounting principles (GAAP) financial statements; the second choice is international financial reporting standards (IFRS) financial statements. If GAAP and IFRS financial statements are not available, the financial statements filed by the taxpayer with any other regulatory or government body are acceptable. If the taxpayer is part of a tax-controlled group of corporations, the group's applicable financial statement is the applicable financial statement for each member of the group.

f. To determine its U.S. federal income tax liability, an applicable corporation will need to compute taxes under both systems – the regular tax system and the CAMT system. The CAMT is payable to the extent the tentative CAMT exceeds the sum of the regular corporate income tax plus base erosion and anti-abuse tax (BEAT) liability.

g. Any CAMT paid is available indefinitely as a credit carryover that would reduce future regular tax in future years when the regular tax liability is in excess of the tentative CAMT liability. That is, the CAMT credit can be used to reduce the regular tax but not below tentative CAMT liability.

h. A foreign tax credit (FTC) may reduce the tentative minimum CAMT. Note that unused FTCs may be carried forward for 5 years. General business credits can generally offset up to 75% of the sum of regular and minimum tax.

2. This interpretation is focused on addressing accounting and reporting aspects of the CAMT. As most reporting entities will not be above the applicable corporation threshold and will not be subject to the CAMT calculation, this guidance has been developed as an interpretation. While most insurers will not be applicable corporations, this interpretation provides comprehensive statutory accounting guidance for all reporting entities with respect to the CAMT. This interpretation incorporates a principles-based approach for purposes of statutory accounting for the CAMT.

3. Although it is likely that most insurers that are applicable corporations will be members of a tax-controlled group of corporations and included in a consolidated federal income tax return with other members of the group, this interpretation applies to all reporting entities subject to the CAMT, whether an unaffiliated corporation[1] that files a separate tax return, a member of a tax-controlled group not included in the common parent company's consolidated tax return that files a separate company tax return or a separate consolidated tax return with other members of the group, or as a member of the common parent's consolidated return group.

4. For reporting entities that are included in a consolidated tax return, the fundamental statutory tax accounting issue for the CAMT is how to reflect in the reporting entity's separate company financial statements a portion of what is essentially an add-on tax for a consolidated tax return group that is based on the group's financial statement income and group tax rate. Even if a member of a tax-controlled group of corporations files its own separate federal income tax return, the tax law does not provide for a separate company scope determination, but rather looks to the tax-controlled group for applicable corporation status and determination of the applicable financial statement.

[1] As used herein, an "unaffiliated" corporation is one that is not a member of a tax-controlled group.

INT 23-03 Discussion

5. The discussion along with the Statutory Accounting Principles (E) Working Group tentative consensuses are included below.

Categories of Reporting Entities

6. In an annual determination of applicable corporation status, all reporting entities are separated into one of the following categories:

a. Nonapplicable reporting entities

b. Applicable reporting entities

c. Applicable reporting entities with tax allocation agreement (also called tax sharing agreements) exclusions.

Nonapplicable Reporting Entities

7. Nonapplicable reporting entities are reporting entities that do not reasonably expect to be an applicable corporation either as a member of a tax-controlled group of corporations[2] or individually as an unaffiliated corporation, for the taxable year that includes the current reporting period. Nonapplicable reporting entities are not required to calculate or recognize a payable for CAMT. If a reporting entity is not subject to pay CAMT, then they will have no CAMT credit carryforward. For nonapplicable reporting entities, further assessment of the CAMT is not required for current or deferred tax computations, and the remaining accounting components of the interpretation do not apply. Applicable disclosures are required.

8. A reporting entity that was an applicable corporation for the preceding taxable year shall reasonably expect to be an applicable corporation for the current taxable year, unless one of the tax law exceptions to continued applicable corporation status applies.

Applicable Reporting Entities

9. Applicable reporting entities are reporting entities that reasonably expect to be applicable corporations for the taxable year that includes the current reporting period, either individually as an unaffiliated corporation or as a member of a tax-controlled group of corporations[3]. Applicable reporting entities are required to consider CAMT in current and deferred tax computations in the manner set forth in this interpretation.

10. Because CAMT is not payable by an applicable corporation unless it is in excess of regular tax liability, the CAMT calculations for applicable reporting entities within this interpretation may or may not result in different current and deferred income taxes than if the CAMT was not taken into account.

[2] A reporting entity that is a member of a tax-controlled group that does not reasonably expect to be applicable corporation on a group basis is not required to make a separate company determination as the CAMT is determined on a group basis.

[3] Determination of applicable reporting entity within a tax-controlled group is subject to the tax law. A reporting entity within a tax-controlled group is captured with the group's applicable corporation status regardless of if they were excluded from the consolidated tax return and filed their own separate return. For example, if the reporting entity is a life insurance company and i) the group has not made a "life-nonlife" consolidated return election, or ii) the reporting entity has been recently acquired and is excluded from the life-nonlife consolidated return for a period of 5 years.

(Applicable reporting entities with tax allocation agreement exclusions that meet the requirements of paragraph 11 of this interpretation shall follow the guidance in paragraph 12 of this interpretation.)

Applicable Reporting Entities with Tax Allocation Agreement Exclusions

11. Applicable reporting entities with tax allocation agreement exclusions are reporting entities that qualify as an applicable corporation as a member of a tax-controlled group of corporations pursuant to paragraphs 9 and 10 of this interpretation, and is a party to a tax allocation agreement that is in effect for the reporting period that has all of the following terms:

a. The reporting entity is excluded from charges for any portion of the group's CAMT, and

b. The reporting entity is not allocated any portion of the group's CAMT credit carryover.

12. Reporting entities with tax allocation agreement exclusions which qualify under paragraph 11 of this interpretation, are not required to calculate, or recognize CAMT in their current or deferred tax computations. Even with the tax allocation agreement exclusions, the general current tax liability guidance pursuant to *SSAP No. 101—Income Taxes*, paragraph 3 continues to apply. This guidance requires the reporting entity to recognize the amount the reporting entity has paid or is payable, which includes any additional amount the reporting entity expects to pay on behalf of its co-obligors.

Accounting for Applicable Reporting Entities

Impact of Tax Allocation Agreements

13. This interpretation is based on the principle that the statutory accounting for the CAMT for reporting entities included in a consolidated tax return should be matched to the CAMT charges reasonably estimated to be paid by the reporting entity and the corresponding CAMT credits reasonably estimated to be received by the reporting entity. For such reporting entities, this interpretation applies the provisions of the intercompany tax allocation agreement[4] (also referred to as a tax sharing agreement) that governs allocation of consolidated taxes to individual members of the group.

14. SSAP No. 101, paragraph 16 provides that in the case of a reporting entity that files a consolidated income tax return with one or more affiliates, income tax transactions between the affiliated parties shall be recognized if such transactions are economic transactions as defined in *SSAP No. 25—Affiliates and Other Related Parties*; are pursuant to a written tax allocation agreement; and income taxes incurred are accounted for in a manner consistent with the principles of FAS 109 the predecessor of what is now ASC 740, as modified by SSAP No. 101.

15. For a reporting entity that is included in a consolidated tax return and is subject to a qualifying tax allocation agreement which is consistent with paragraphs 16 and 17 of SSAP No. 101, the amount of CAMT payable (expense) or CAMT credit carryforward is recognized in accordance with the tax allocation agreement.

[4] SSAP No. 101, paragraphs 16 and 17 provide requirements for tax allocation agreement recognition. Tax allocation agreements are also subject to internal revenue service requirements and are subject to domiciliary regulator review under the Insurance Holding Company System Regulatory Act (Model #440), which also requires that the terms of intercompany agreements be fair and reasonable. In assessing fair and reasonable, state insurance regulators are encouraged to assess the terms of the TSA for allocations to the insurance reporting entity for both CAMT payables and CAMT credit carryforwards.

INT 23-03: Inflation Reduction Act - Corporate Alternative Minimum Tax

Recognition of CAMT Payable

16. Reporting entities that are applicable corporations, excluding those having qualifying tax allocation agreement exclusions per paragraph 11 of this interpretation, are required to take CAMT payable into account in the calculation of current income tax expense pursuant to SSAP No. 101. Reporting entities shall accrue the CAMT owed, reflecting the amount owed as a separate return filer or in accordance with the amount allocated through the consolidated tax return group's tax sharing agreement pursuant to paragraph 15 of this INT.

17. Consistent with SSAP No. 101, paragraph 8, changes in deferred tax assets (DTAs) and deferred tax liabilities (DTLs), including changes attributable to changes in tax rates and changes in tax status, if any, shall be recognized as a separate component of gains and losses in unassigned funds (surplus) as "change in net deferred income tax," excluding any change reflected in unrealized capital gains.

18. Paragraph 8.3 of SSAP No. 101 Exhibit A – Implementation Questions and Answers (Q&A) is not applicable to reporting entities subject to CAMT through a tax-controlled group structure. This exclusion is provided due to the consolidated nature of the CAMT calculation. Any theoretical separate entity calculation of the CAMT liability may be unrelated to the actual consolidated tax return computations and to the tax allocation agreement allocation of liability.

Recognition of CAMT Credit Deferred Tax Asset

19. Reporting entities shall recognize a corresponding DTA which represents the non-expiring tax credit carryforward equal and offsetting to the current CAMT accrued. The CAMT credit can be used to reduce regular tax in future years when the regular tax liability is in excess of the tentative CAMT liability as permitted under the tax law. The CAMT credit carryforward is a type of deferred tax asset.

Impact of CAMT to the Statutory Valuation Allowance

20. *SSAP No. 101—Income Taxes*, paragraph 7.e. requires the statutory valuation allowance adjustment as a direct reduction in the gross DTA if, based on the weight of available evidence, it is more likely than not that some or all of the gross DTAs will not be realized. Gross DTA less the statutory valuation allowance results in adjusted gross DTAs. The statutory valuation allowance adjustment is not reported as a separate line in the statutory financial statements (it is an off-balance sheet item that reduces the gross DTAs). The statutory valuation allowance is disclosed.

21. The determination of a statutory valuation allowance[5] for CAMT credit deferred tax assets depends on whether the reporting entity is part of a consolidated tax return group or a separate tax return filer:

a. Consolidated Tax Return Group: A reporting entity that is an applicable entity and a member of consolidated tax return group shall utilize the statutory valuation assessment for the CAMT credit deferred tax assets completed at the consolidated tax return group level. A reporting entity is not required to adjust the group statutory valuation allowance for CAMT credit deferred tax assets. Rather, the group determined statutory valuation allowance and the resulting credit deferred tax asset deemed to be more likely than not to

[5] Although reporting entities may conclude that the non-expiring CAMT DTA more likely than not will ultimately be realized, reporting entities will not be able to utilize the tax credit until the reporting entity if a separate tax return filer, or the tax consolidated group of corporations if the reporting entity is a member of such group , are no longer CAMT payors and have sufficient tax liability that permits the group the ability to use the CAMT credits.

be realized, is permitted to be allocated (consistent with tax allocation agreement) to the reporting entity and reflected as an CAMT credit adjusted gross DTA. The reporting entity shall continue to have a separate statutory valuation allowance calculation for non-CAMT deferred tax assets as required under SSAP No. 101. The combination of the CAMT credit adjusted gross deferred tax asset (as received from the group) and the adjusted gross deferred tax assets from non-CAMT deferred tax assets shall equal the total adjusted gross deferred tax assets reviewed for admittance within the scope of this interpretation.

b. Separate Tax Return Filer: A reporting entity that is an applicable entity and files a separate tax return, is required to complete a statutory valuation allowance for all deferred tax assets, including CAMT credit deferred tax assets, in determining their total adjusted gross DTAs. (The CAMT credit deferred tax assets can be assessed separately from non-CAMT deferred tax assets in determining whether the deferred tax asset is more likely than not to be realized.) The total adjusted gross deferred tax assets are then reviewed for admittance within the scope of this interpretation.

22. A reporting entity is allowed an accounting policy election to either consider or disregard CAMT when evaluating the need for a valuation allowance for its non CAMT deferred tax assets.[6] The accounting policy election applies for valuation allowance purposes only – that is, in the determination of adjusted gross deferred tax assets other than the CAMT credit deferred tax assets. This accounting policy election cannot be used to avoid a valuation allowance analysis for CAMT credit DTAs. The accounting policy election must be disclosed in the notes to the financial statements and applied consistently in subsequent reporting periods.

Admissibility

Admittance - Implications of Group Tax Assessment (Related Parties)

23. For reporting entities that are applicable corporations as they are a member of a tax-controlled group of corporations, the reporting entity may be subject to the CAMT, or be hindered from utilizing the CAMT credit, through the actions of their consolidated tax return group related parties. (As noted in footnote 5, although a reporting entity may have earned an non-expiring tax credit through payment of CAMT, the reporting entity is not eligible to utilize that tax credit until the consolidated tax return group has sufficient tax liability that allows the members of the group to utilize their tax credit. This means that on a group basis they are no longer CAMT payors.) *SSAP No. 4—Assets and Nonadmitted Assets* requires assets that are restricted by the action of a related party to be nonadmitted assets.

> SSAP No. 4, Footnote 2: If assets of an insurance entity are pledged **or otherwise restricted by the action of a related party, the assets are not under the exclusive control of the insurance entity and are not available to satisfy policyholder obligations due to these encumbrances or other third-party interests. Thus, pursuant to paragraph 2, such assets shall not be recognized as an admitted asset on the balance sheet.** Additional guidance for assets pledged as collateral is included in INT 01-31.

24. A key focus of this interpretation is the admittance of the CAMT deferred tax assets (credits). However, it is recognized that under the existing statutory accounting guidance in SSAP No. 4 a reporting entity recognizing CAMT credit deferred tax assets would not be permitted to admit those deferred tax

[6] SSAP No. 101, FAS 109 and ASC 740 do not specifically address whether future years' CAMT should be anticipated in a valuation allowance assessment for non-CAMT DTAs. Accordingly, an accounting policy election is allowed for GAAP purposes as to whether to consider or disregard CAMT when evaluating the need for a valuation allowance for non-CAMT DTAs.

assets if as part of a consolidated tax return group the ability to receive those CAMT credits is explicitly linked to the actions of other entities within the group. If the group on a collective basis does not incur enough tax to allow utilization of the tax credits, then the reporting entity cannot use the tax credits, regardless of the income or tax paid by the reporting entity. This aspect is not impacted by the tax sharing agreement. Although the tax sharing agreement may specify how the CAMT credits will be allocated among the group, such tax credits allocated to the reporting entity can only be realized when the group qualifies for the credit.

25. For the CAMT credit adjusted gross deferred tax assets allocated to the reporting entity to be eligible to be admitted, this interpretation provides an exception to the guidance in SSAP No. 4, footnote 2, recognizing that the impact to ultimately utilize the allocated tax credits is dependent on the actions of the other parties within the group.

Admittance – Adjusted Gross DTAs

26. The guidance in SSAP No. 101 allows admittance of adjusted gross DTAs (gross DTAs reduced by the statutory valuation allowance) pursuant to a three-component calculation, for which the second step limits admittance of adjusted gross DTAs to those that are expected to be realized in a timeframe that does not exceed three years. The actual number of years to realization permitted depends on specifics for each reporting entity (type and other information about the reporting entity), but the maximum timeframe is three years. The last step (SSAP No. 101, paragraph 11.c.) admits DTAs which can be offset by DTLs.

27. Due to the following aspects regarding the CAMT credits, specific admittance guidance for the CAMT credit DTAs has been established:

a. The CAMT credit is a tax credit DTA that does not expire. As long as the reporting entity is a CAMT payor or is part of a tax-consolidated group that is a CAMT payor, the reporting entity cannot utilize the tax credit.

b. The ability to utilize the CAMT credit is contingent on the actions and tax paying behaviors of the consolidated tax return group. Although the reporting entity may be paying sufficient tax above the CAMT threshold, if other parties within the group do not act in a similar manner, putting the group below the CAMT threshold, then the CAMT credit cannot be utilized by the reporting entity.

28. With these noted limitations in utilization of the earned tax credits, reporting entities are only permitted to admit CAMT credits if the reporting entity tax projections (if a separate tax return filer) or projections of the tax-consolidated group (if a member of such group) indicate that the CAMT credit will be realizable within the stated timeframes using the applicable SSAP No. 101, paragraph 11 realization table thresholds[7]. This means that the tax projections will have sufficient tax liability that permits utilization of the CAMT credits. For example, a reporting entity with greater than 300% ExDTA ACL RBC can only admit CAMT credits that are expected to be realized (consistent with the tax allocation agreement) in three years. Reporting entities that have ExDTA ACL RBC between 200-300% can only admit CAMT credits that are expected to be realized in one year. If a reporting entity cannot project (either on its own if a separate return filer or at the group if a consolidated tax return group member) sufficient tax liability that allows them to utilize the CAMT credit within the applicable realizable timeframes for admittance, then the portion

[7] The examples in this paragraph reference Ex-DTA ACL RBC, however, SSAP No. 101, paragraph 11.b. also includes realization threshold tables which apply to non-RBC filers.

of CAMT credits that cannot be utilized are required to be nonadmitted under SSAP No. 101, paragraph 11.b.

29. CAMT credits included in the SSAP No. 101, paragraphs 11 and 11.b. calculation as they are expected to be realized within the applicable 1 or 3 year permitted timeframes shall then be combined with non-CAMT adjusted gross deferred tax assets and admitted to the extent that the total DTAs admitted under paragraph 11.b. do not exceed the capital and surplus percentage limit for the company type. All references to SSAP No. 101, paragraph 11.b. include the modifications in this Interpretation.

30. Reporting entities shall use the Realization Threshold Limitations Tables in SSAP No. 101, paragraph 11.b. as applicable to the entity for determination of the admissibility of the CAMT credits. The percentage limitations of capital and surplus of and the projected realization periods continue to apply to admitted adjusted gross DTAs, including the adjusted gross DTA for any CAMT credit DTA.

31. A reporting entity which meets or exceeds the top line of the applicable of the Realization Threshold Limitation Table (Ex. 3 years and 15%) is **not required** to take the CAMT into account in calculating the "with and without[8]" tax liability for purposes of determining the amount expected to be realized under SSAP No. 101, paragraph 11.b. for non-CAMT DTAs. Specifically, the reporting entity's "with and without" regular tax liability is not reduced by CAMT, if any, reasonably expected to be incurred during the SSAP No. 101, paragraph 11.b. applicable period. In the case of a reporting entity included in a consolidated federal income tax return, the amount expected to be incurred refers to the portion of the consolidated CAMT, if any, reasonably expected to be allocable to the reporting entity pursuant to the group's tax allocation agreement. However, any admitted CAMT credits in this step must be realizable within the applicable time period specified in the applicable Realization Threshold Limitation Table (Ex, top line - 3 years), determined consistent with the tax allocation agreement. The post-valuation allowance adjusted gross DTA for any CAMT credit DTA is admitted following the guidance in SSAP No. 101, paragraph 11.b.i. as modified by this Interpretation. The 15% limitation of capital and surplus which is provided in SSAP No. 101, paragraph 11.b.ii. continues to apply to admitted adjusted gross DTAs, including the adjusted gross DTA for any CAMT credit DTA.

32. A reporting entity which meets the second line of the applicable Realization Threshold Limitation Table (Ex. 1 year and 10%), the amount expected to be realized under SSAP No. 101, paragraph 11.b.i. within the applicable period determined under paragraph 11.b. **is based** on the reporting entity's "with and without" regular tax liability reduced by CAMT, if any, reasonably expected to be incurred during the paragraph 11.b. applicable period. In the case of a reporting entity included in a consolidated federal income tax return, the amount expected to be realized is reduced by the portion of the consolidated CAMT, if any, reasonably expected to be allocable to the reporting entity pursuant to the group's tax allocation agreement. CAMT credit utilization during the applicable period is recognized based on the same principles, – that is, as an admitted DTA. The purpose of these computations is to account for CAMT in deferred taxes in the same manner as CAMT would be reflected in current taxes.

33. A reporting entity which meets or is below the third line of the applicable Realization Threshold Limitation Table (Ex. 0 years and 0%), is not permitted to admit either CAMT credit DTAs or non-CAMT DTAs under SSAP No. 101, paragraph 11.b.

[8] "With and without" is further described in SSAP No. 101.

34. The adjusted gross DTA for any CAMT credit carryforward which does not qualify for admission under SSAP No. 101, paragraph 11.b. is permitted to be recognized as an offset against DTLs in accordance with SSAP No. 101, paragraph 11.c. The reporting entity shall admit the remaining amount of adjusted gross DTAs, after application of paragraphs 11.a. and 11.b. that can be offset against existing gross DTLs. The reporting entity shall consider the character (i.e., ordinary versus capital) of the DTAs and DTLs such that offsetting would be permitted in the tax return under existing enacted federal income tax laws and regulations.

Admittance - Projections

35. Projections of CAMT liability, if any, (and CAMT credit utilization) during the applicable period involve forward-looking data, groupings, of assets and liabilities, estimates and other adjustments for both the reporting entity and the group of which it is a member. The manner in which this is done shall be conducted in a reasonable and consistent manner. A reporting entity shall retain internal documentation to support these computations and the methodologies so employed. Modifications to the estimation methodology are permitted should events or circumstances change from a previous period – such as a change in materiality or administrative costs associated with the computations, or system changes that affect the level of detail available. Entities that make such modifications should be prepared to rationalize the changes. Disclosure of material modifications, and the general reason for such, should be made in the notes to the financial statements.[9]

Admittance - Tax Planning Strategies

36. SSAP No. 101 provides that tax-planning strategies are required to be considered in the valuation allowance analysis and may be considered in determining the admission of DTAs under SSAP No. 101, paragraph 11. For reporting entities that are part of a consolidated tax return group, tax planning strategies impacting the CAMT are determined at a group level, as long as the tax planning strategies at the group level do not conflict with tax planning strategies at the reporting level and vice versa. For reporting entities that are separate tax return filers, a reporting entity must consider tax-planning strategies in making the valuation allowance analysis required under this interpretation.

Transition Guidance

37. Even though the CAMT was enacted in 2022 and generally became effective January 1, 2023, the requirements for statutory tax accounting for the CAMT have effectively been deferred by INT 22-02. This paragraph provides the applicable transition rules for year-end 2023 statutory accounting for requests for a timely-filed tax allocation agreement amendment or a new tax allocation agreement for the 2023 taxable year.

a. Because the CAMT was newly enacted effective for 2023, tax allocation agreements in effect for periods prior to the 2023 taxable year include no explicit provisions relating to the CAMT. Thus, applicable reporting entities (with and without tax allocation agreement exclusions) may need to amend tax allocation agreements to deal with the CAMT effective for the entire 2023 taxable year. A reporting entity would file a request for amendment to a tax allocation agreement or a new tax allocation agreement on Form D – Prior Notice of a Transaction as required under the *Insurance Holding Company System Regulatory Act*

[9] See paragraph 2.9 of the *SSAP No. 101 Q&A* for similar requirements in the context of grouping of assets and liabilities for measurement.

(Model #440) and the related regulation, (Model #450) with its applicable domiciliary regulator(s) and commercial domiciliary regulator(s).

b. Time is of the essence in both requesting and approving tax allocation agreement amendments or a new tax allocation agreement relating to the CAMT for the 2023 taxable year to be applicable to the 2023 reporting period. Accordingly, if, a reporting entity files the applicable Form D request(s) for tax allocation agreement amendment or a new tax allocation agreement prior to the end of 2023 to address the CAMT for 2023 and subsequent taxable years, and the domiciliary regulator has confirmed in writing that they have no objections to using the new tax allocation agreement amendment or new tax allocation agreement, while under review. The reporting entity shall be allowed to account for the tax allocation agreement as applicable for the entire 2023 reporting period.

c. If the final approved tax allocation agreement differs in its treatment of the CAMT allocation from the tax allocation agreement originally requested on the Form D, the difference shall be recorded as follows:

i. If Form D approval occurs subsequent to the balance sheet date, but before the issuance of the statutory financial statements and before the date the audited financial statements are issued, or available to be issued, such approval shall be considered a Type I subsequent event within the meaning of *SSAP No. 9—Subsequent Events.*

ii. If the Form D approval occurs after the period which defines a subsequent event in SSAP No. 9, the difference created by such approval shall be recognized and disclosed in the period in which the approval is given.

d. The transition guidance in paragraph 37 does not apply to a reporting entity that does not file a Form D request for a CAMT-related tax allocation agreement amendment or a new tax allocation agreement prior to the end of 2023.

38. Consistent with *SSAP No. 3—Accounting Changes and Corrections of Errors,* paragraph 4, initial application of this interpretation shall not be considered a change in accounting principle, but instead application of a new principle for the first time.

Disclosures

39. The reporting entity shall disclose whether it is a nonapplicable reporting entity; an applicable reporting entity with tax allocation agreement exclusions or an applicable reporting entity.

40. Additionally, the following disclosures shall be made in the notes to the financial statements of applicable reporting entities (which do not have tax allocation agreement exclusions in accordance with paragraph 11 of this interpretation):

a. If the reporting entity has made an accounting policy election to either consider or disregard CAMT when evaluating the need for a valuation allowance for its non-CAMT DTAs described in paragraph 22 of this interpretation.

b. Any disclosure of material modifications to the methodology used to project CAMT as required by paragraph 35 of this interpretation.

41. Relevant disclosures required by SSAP No. 101 also apply including but not limited to, the following:

a. The disclosure of the statutory valuation allowance as required by SSAP No. 101, paragraph 21.

b. The disclosure of tax planning strategies is required by SSAP No. 101. In the disclosure required by SSAP No. 101, paragraph 28.b., a statement as to whether the reporting entity may be charged with a portion of CAMT incurred by the consolidated group (or credited with a portion of the consolidated group's CAMT credit utilization).

c. Inclusion of CAMT credit DTAs, if any, in the disclosure required by SSAP No. 101, paragraph 26.a. regarding the origination dates and expiration of tax credit carry forwards.

d. The impact of CAMT -planning strategies, if any, in the disclosure required by SSAP No. 101, paragraph 22.f.

INT 23-03 Status

42. The consensuses in this interpretation are effective beginning with year-end 2023 financial statements and periods thereafter.

43. No further discussion is planned.

Examples

Basic Facts Used in All Examples

45. The reporting entity is a member of a tax-affiliated group of corporations that files consolidated federal income tax returns which reasonably expects to be an applicable corporation for 20X3.

a. Reporting entity also has $200x of non-CAMT adjusted gross DTAs (i.e., has already reduced by any required valuation allowance of $40x). Of this $200x of which $150x reverses over the 3-year applicable period 20X4-20X6 and is expected to be realized.

b. At the end of 20X3, reporting entity has a $50x CAMT credit DTA (pursuant to the consolidated group's tax allocation agreement, reporting entity was allocated a portion of the group's expected 20X3 current CAMT expense, which reporting entity included in its 20X3 current tax expense).

c. The consolidated group of which the reporting entity is a member establishes a $20x valuation allowance against its $50x CAMT credit DTA, resulting in a CAMT adjusted gross DTA of $30x that is more likely than not to be realized.

d. The reporting entity makes an accounting policy election to disregard CAMT when evaluating the need for a valuation allowance for its non-CAMT DTAs.

e. Reporting entity’s capital and surplus for purposes of calculating the limitation under SSAP No. 101, paragraph 11.b. ii. is $2,000. Therefore, the 15% of surplus limitation is $300 (based on the top line of the applicable SSAP No. 101 paragraph 11.b. realization threshold limitation table), the 10% limitation is $200 (based on the second line of the applicable SSAP No. 101 paragraph 11.b. realization threshold limitation table).

f. For the purposes of these examples any DTA admittance under SSAP No. 101, paragraphs 11.a. and 11.c. is ignored.

Example 1 – Applicable reporting entity meets or exceeds the top line of the relevant SSAP No. 101, paragraph 11.b. Realization Threshold Limitation table (Ex. 3 years, 15%).

46. The basic facts above apply with the following additional information:

a. For 20x3, the reporting entity exceeds the first line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 3-year applicable period and the limitation of capital and surplus is 15%. Pursuant to paragraph 31 of this interpretation, the reporting entity would not have to take the CAMT into account in calculating the "with and without" tax liability for purposes of determining the amount expected to be realized under SSAP No. 101, paragraph 11.b.i.

b. The consolidated tax return group has assessed and determined that the CAMT credit DTA amounts after the valuation allowance of $30x is expected to be utilized in 20x4and 20x5but $15x of CAMT would be incurred in 20x6.

47. The reporting entity admits the $30x adjusted gross DTA for its portion of the allocated CAMT credit DTA expected to be utilized within three years and admits the $150x non-CAMT adjusted gross DTA after valuation allowance than can be utilized within three years. Therefore, the admitted non-CAMT DTA and admitted CAMT credit DTA would total $180x ($150 +$30 =$180).

48. Although the consolidated group is expecting to incur CAMT during the 3-year period, the reporting entity does not reduce its non-CAMT admitted DTAs by the $15x the CAMT expected to be allocated under the tax allocation agreement to the reporting entity during the three years (pursuant to paragraph 31 of this Interpretation). Note that if the consolidated tax return group had assessed and determined that only a portion of the CAMT credit DTA after the valuation allowance was expected to be utilized in 20x4 20x5 and 20x6 then the reporting would only admit its allocation (per its tax allocation agreement) of the amount of CAMT credit DTA that will be utilized by the consolidated group during the 3 years.

49. The $180 is less than the $300 15% of surplus limitation in paragraph 11.b.ii., so it is not a limiting factor. (However, if reporting entity's 15% of surplus limitation under paragraph 11.b.ii. was $175x, the reporting entity's admitted adjusted gross DTA would be further reduced to $175).

	DTA	Valuation Allowance	Not Recoverable Within 3 Years	DTA Admitted Standalone	Impact of Consol. DTA	Admitted DTA under 11bi	15% surplus limitatio n under 11bii	Nonadmitted DTAs
DTAs	240	-40	-50	150		150		50
CAMT credit DTA	50	-20	0		30	30	-	-
totals	**290**	**-60**	**-50**	**150**	**30**	**180**	**300**	**50**

Example 2. Applicable entity, that meets level 2 on the relevant SSAP No. 101, paragraph 11.b. Realization Threshold Limitation table (Ex.-1 year 10%).

50. The basic facts above apply with the following additional information:

a. For 20x3, the reporting entity meets the second line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 1-year applicable period and the limitation of capital and surplus is 10%. Pursuant to paragraph 32 of this interpretation, the reporting entity would have to also apply the with and without calculation of the determination of the impact of the CAMT on the realization of DTAs.

b. The consolidated group of which the reporting entity is a member expects to incur CAMT in 20x4, of which $10 is expected to be allocated under the tax allocation agreement to reporting entity. The reporting entity reduces its $150x of non-CAMT admitted adjusted gross DTAs by its $10x share of the consolidated CAMT expected to be incurred in 20x4.

51. The reporting entities admitted DTA would be $140x. The result is an adjusted gross non-CAMT DTA of $150x, minus the $10 impact of the consolidated CAMT (with and without) equals 140 admitted DTA.

52. The resulting $140x of DTA admitted under paragraph 11.b.i., which is less than the $200x paragraph is less than the $200 10% of surplus limitation in paragraph 11.b.ii., so it is not a limiting factor.

	DTA	Valuation Allowance	Not Recoverable Within 1 Year	DTA Admitted Standalone	Impact of Consol. DTA and VA	Admitted DTA under 11bi	10% surplus limitation under 11bii	Nonadmitted DTAs
DTAs	240	-40	-50	150	-10	140		60
CAMT credit DTA	50	-20	-30				-	30
totals	**290**	**-60**	**-80**	**150**	**-10**	**140**	**200**	**90**

Example 3 Applicable entity with qualifying tax allocation agreement exclusions

53. The basic facts situation applies.

a. Similar to Example 1, the reporting entity meets the exceeds the first line of the applicable realization threshold limitation in SSAP No. 101, paragraph 11.b. for use of a 3-year applicable period and the limitation of capital and surplus is 15%.

b. The reporting entity is excluded pursuant to the tax allocation agreement from any allocation of CAMT or CAMT credit utilization in a qualifying tax allocation agreement as described in paragraph 11 of this interpretation.

54. Accordingly, the reporting entity for 20x3, would be excluded from the CAMT calculations, and the reporting entity's admitted adjusted gross DTA would be $150x. which is the amount after the valuation allowance of $40 and the $50 reduction for the amount not recoverable within 3 years.

55. The $150 is less than the $300 15% of surplus limitation in paragraph 11.b.ii., so it is not a limiting factor.

	DTA	Valuation Allowance	Not Recoverable Within 3 Years	DTA Admitted Standalone	Impact of Consol. DTA and VA	Admitted DTA under 11bi	15% surplus limitation under 11bii	Nonadmitted DTAs
DTAs	240	-40	-50	150		150		50
CAMT credit DTA	0						-	-
totals	**240**	**-40**	**-50**	**150**		**150**	**300**	**50**

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2023-3 fall/summary and minutes/sapwg/attoned5-int 23-03 camt ref 23-04 final.docx

Ref #2023-15

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: IMR / AVR Specific Allocations

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☐	☒	☐
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been developed to update guidance for IMR / AVR in the Annual Statement (A/S) Instructions that currently establish specific allocation guidance. The principal concept of the IMR and AVR is that interest-related losses go to IMR, and non-interest-related losses go to AVR. This agenda is to correct instructions that appear to direct an entity to allocate non-interest-related losses to IMR rather than correctly to the AVR.

Although the presence of examples for illustration or guiding purposes are beneficial, the current annual statement instructions have permitted unintended allocations that do not reflect the intent of the principles. These have been specifically noted through inquiries to NAIC staff, particularly within the last year. NAIC staff believes these inquiries have been spurred by the discussions regarding the industry request to admit net negative IMR, therefore creating an incentive to allocate losses to IMR instead of AVR.

This agenda item will focus on the following specific allocations within the A/S instructions:

1) NAIC Designation Changes for Debt Securities (excluding LBSS)
2) Mortgage Loans

1) <u>NAIC Designation Change:</u>

IMR: Include realized capital gains (losses) on Debt securities (excluding loan-backed and structured securities) and preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is **NOT** different from its NAIC designation at the beginning of the holding period by more than one NAIC designation. Exclude any such gains (losses) exempt from the IMR.

AVR: Report all realized capital gains (losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) whose NAIC/SVO designation at the end of the holding period is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990

NAIC Discussion: NAIC staff have historically been contacted on the application of this guidance, particularly when the reporting entity rushes to sell a security prior to an official credit rating or SVO designation downgrade has occurred. For 2023, this was evident from questions received with the downgrade of several regional banks. With a literal read of the guidance, if a Credit Rating Provider (CRP) downgraded banks on April 21, 2023, a reporting entity that expected such downgrades and sold the security at a loss prior to the downgrade would be permitted to report the loss through IMR as the downgrade did not occur during the reporting entity's "holding period." Similar questions have occurred in prior years in situations where it was evident that a downgrade was forthcoming (e.g., PG&E in response to the California wildfires). Although the guidance could be retained as an absolute for reporting to AVR, as a "credit loss" is presumed to occur when there has been a more-than-one designation change, it is NAIC staff's interpretation that this guidance should not permit inappropriate allocation of non-interest related declines to IMR simply because a sale is able to occur prior to the official downgrade.

2) **Mortgage Loans:**

IMR: Include realized capital gains (losses) on: Mortgage loans where:1) Interest is NOT more than 90 days past due, or 2) The loan is NOT in process of foreclosure, or 3) The loan is NOT in course of voluntary conveyance, or 4) The terms of the loan have NOT been restructured during the prior two years.

AVR: In addition, all gains (losses), net of capital gains tax, on mortgage loans where 1) Interest is more than 90 days past due, or 2) The loan is in the process of foreclosure, or 3)The loan is in course of voluntary conveyance, or 4)The terms of the loan have been restructured during the prior two years would be classified as non-interest-related gains (losses).

NAIC Discussion: NAIC staff has recently been contacted as the current IMR / AVR guidance is specific that a mortgage loan must be 90 days past due or in process of foreclosure to report the loss to AVR. As such, if a reporting entity has established a valuation allowance under *SSAP No. 37—Mortgage Loans*, because the loan is impaired and they do not believe it is probable that they will collect all amounts due according to the contractual terms of the mortgage loan, and the reporting entity sells the mortgage loan before it is 90-days past due, a literal read of the guidance permits the loss to be fully allocated to IMR. Similar to the discussion on the NAIC designation change, such situations exist when the reporting entity has an expectation of expected credit loss (as a valuation allowance is only established when a mortgage loan is impaired), but the provisions of the A/S instructions direct to IMR.

Existing Authoritative Literature:

- **SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve (included in entirety)**

SCOPE OF STATEMENT
This statement establishes statutory accounting principles for an asset valuation reserve (AVR) and an interest maintenance reserve (IMR) for life and accident and health insurance companies, excluding separate accounts. Separate account AVR/IMR reporting is addressed in *SSAP No. 56—Separate Accounts.*

SUMMARY CONCLUSION
Life and accident and health insurance companies shall recognize liabilities for an AVR and an IMR. The AVR is intended to establish a reserve to offset potential credit-related investment losses on all invested asset categories excluding cash, policy loans, premium notes, collateral notes and income receivable. The IMR defers recognition of the realized capital gains and losses resulting from changes in the general level of interest rates. These gains and losses shall be amortized into investment income over the expected remaining life of the investments sold. The IMR also applies to certain liability gains/losses related to changes in interest rates. These gains and losses shall be amortized into investment income over the expected remaining life of the liability released.

The IMR and AVR shall be calculated and reported as determined per guidance in the SSAP for the specific type of investment (e.g., SSAP No. 43R for loan-backed and structured securities), or if not specifically stated in the respective SSAP, in accordance with the NAIC *Annual Statement Instructions* for Life and Accident and Health Insurance Companies.

Effective Date and Transition
This statement is effective for years beginning January 1, 2001. A change resulting from the adoption of this statement shall be accounted for as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors*.

- **A/S Instructions – Life, Accident and Health / Fraternal Companies**

<u>Interest Maintenance Reserve (IMR)</u>

Line 2 – Current Year's Realized Pre-tax Capital Gains (Losses) of $______ Transferred into the Reserve Net of Taxes of $______

Include interest-rate-related realized capital gains (losses), net of capital gains tax thereon. All realized capital gains (losses) transferred to the IMR are net of capital gains taxes thereon. Exclude non-interest-related (default) realized capital gains and (losses), realized capital gains (losses) on equity investments, and unrealized capital gains (losses).

All realized capital gains (losses), due to interest rate changes on fixed income investments, net of related capital gains tax, should be captured in the IMR and amortized into income (Column 2, Lines 1 through 31) according to Table 1 or the seriatim method. Realized capital gains (losses) must be classified as either interest (IMR) or non-interest (AVR) related, not a combination except as specified in *SSAP No. 43R—Loan-Backed and Structured Securities*. Purchase lots with the same CUSIP are treated as individual assets for IMR and Asset Valuation Reserve (AVR) purposes.

Exclude those capital gains and (losses) that, in accordance with contract terms have been used to directly increase or (decrease) contract benefit payments or reserves during the reporting period. The purpose of this exclusion is to avoid the duplicate utilization of such gains and (losses).

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes. By capturing the realized capital gains (losses) net of tax, the capital gains tax associated with those capital gains (losses) due to an interest rate change is charged or credited to the IMR and amortized in proportion to the before-tax amortization.

Include realized capital gains (losses) on:

Debt securities (excluding loan-backed and structured securities) and preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is **NOT** different from its NAIC designation at the beginning of the holding period by more than one NAIC designation. Exclude any such gains (losses) exempt from the IMR.

Exchange Traded Funds (ETFs) as listed on the SVO Identified Bond ETF List (thereafter subject to bond IMR guidelines) and the SVO Identified Preferred Stock ETF List (thereafter subject to preferred stock IMR guidelines). Include any capital gains (losses) realized by the Company, whether from sale of the ETF or capital gains distributions by the ETF. If the ETF is removed from either SVO ETF list, the ETF is reported and treated as common stock, with any capital gains/(losses) excluded from the IMR.

SVO Identified Funds designated for systematic value

Called bonds, tendered bonds, and sinking fund payments.

Mortgage loans where:

- Interest is **NOT** more than 90 days past due, or

- The loan is **NOT** in process of foreclosure, or
- The loan is **NOT** in course of voluntary conveyance, or
- The terms of the loan have **NOT** been restructured during the prior two years.

Additional Provisions for Including/Excluding Gains (Losses) from IMR:

Mortgage loan prepayment penalties are not included in IMR. Treat them as regular investment income.

Interest-related gains (losses) realized on directly held capital and surplus notes reported on Schedule BA should be transferred to the IMR in the same manner as similar gains and (losses) on fixed income assets held on Schedule D. A capital gain (loss) on such a note is classified as an interest rate gain if the note is eligible for amortized-value accounting at both the time of acquisition and the time of disposition.

Determination of IMR gain (loss) on multiple lots of the same securities should follow the underlying accounting treatment in determining the gain (loss). Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or (loss).

Realized capital gains (losses) on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of 6 at any time during the holding period should be excluded from the IMR and included as a non-interest-related gain (loss) in the AVR.

Realized capital gains (losses) on any preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as non-interest-related gains (losses) in the AVR.

The holding period for debt securities (excluding loan-backed and structured securities) and preferred stocks is defined as the period from the date of purchase to the date of sale. For the end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990. For preferred stocks acquired before Jan. 1, 1993, the holding period is presumed to have begun on Dec. 31, 1992. For SVO Identified ETFs, the holding period is defined as one calendar year to expected maturity. For SVO Identified Funds designated for systematic value, the holding period is the weighted-average life of the underlying bonds.

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

Asset Valuation Reserve (AVR)

Line 2 – Realized Capital Gains (Losses) Net of Taxes – General Account

Report all realized non-interest-related (default) and equity capital gains (losses), net of capital gains tax, applicable to the assets in each component and sub-component. All realized capital gains (losses) transferred to the AVR are net of capital gains taxes thereon. Exclude all interest rate-related capital gains (losses) from the AVR.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes.

Report all realized capital gains (losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) whose NAIC/SVO designation at the end of the holding period is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990.

Determination of AVR gain (loss) on multiple lots of the same fixed income securities should follow the underlying accounting treatment in determining gain (loss). Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or (loss).

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities*, for loan-backed and structured securities only:

- Other-Than-Temporary Impairment – Non-interest-related other-than-temporary impairment losses shall be recorded through the AVR. If the reporting entity wrote the security down to fair value due to the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis, the non-interest-related portion of the other-than-temporary impairment losses shall be recorded through the AVR; the interest related other-than-temporary impairment losses shall be recorded through the IMR. The analysis for bifurcating impairment losses between AVR and IMR shall be completed as of the date when the other-than-temporary impairment is determined.

- Security Sold at a Loss Without Prior OTTI – An entity shall bifurcate the loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. As such, an entity shall report the loss in separate AVR and IMR components as appropriate.

- Security Sold at a Loss with Prior OTTI – An entity shall bifurcate the current realized loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.

- Security Sold at a Gain with Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale. The bifurcation between AVR and IMR that occurs as of the date of sale may be different from the AVR and IMR allocation that occurred at the time of previous other-than-temporary impairments. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.

- Security Sold at a Gain Without Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale.

In addition, all gains (losses), net of capital gains tax, on mortgage loans where:

- Interest is more than 90 days past due, or
- The loan is in the process of foreclosure, or
- The loan is in course of voluntary conveyance, or
- The terms of the loan have been restructured during the prior two years

Would be classified as non-interest-related gains (losses).

The gain (loss), net of capital gains tax, on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of “6” at any time during the holding period should be reported as a credit related gain (loss).

All capital gains (losses), net of capital gains tax, from preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as on-interest-related gains (losses) in the AVR.

However, for a convertible bond or preferred stock purchased while its conversion value exceeds its par value, any gain (loss) realized from its sale before conversion must be included in the Equity Component of the AVR. Conversion Value is defined to mean the number of shares available currently or at next conversion date multiplied by the stock’s current market price.

Report all realized equity capital gains (losses), net of capital gains tax, in the appropriate sub-components.

The following guidance pertains to instruments in Scope of *SSAP No. 86—Derivatives*:

- For derivative instruments used in hedging transactions, the determination of whether the capital gains (losses) are allocable to the IMR or the AVR is based on how the underlying asset is treated. Realized gains (losses), net of capital gains tax, on portfolio or general hedging instruments should be included with the hedged asset. Gains (losses), net of capital gains tax, on hedges used, as specific hedges should be included only if the specific hedged asset is sold or disposed of.

- For income generation derivative transactions, the determination of whether the capital gains (losses) are allocable to the IMR or the AVR is based on how the underlying interest (for a put) or covering asset (for a call, cap or floor) is treated. Realized gains (losses), net of capital gains tax should be included in the same sub-component where the realized gains (losses) of the underlying interest (for a put) or covering asset (for a call, cap or floor) is reported. Refer to *SSAP No. 86—Derivatives* for accounting guidance.

Realized gains (losses), net of capital gains tax, resulting from the sale of U.S. government securities and the direct or guaranteed securities of agencies which are backed by the full faith and credit of the U.S. government are exempt from the AVR. This category is described in the Investment Schedules General Instructions.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

- Agenda item 2022-19: Negative IMR, identified that the accounting guidance for IMR, including the provisions on negative IMR, are currently captured in the Annual Statement Instructions. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*, points to the Annual Statement Instructions for the IMR and AVR calculation. This agenda item resulted with the issuance of INT 23-01T to provide a limited-time, optional, exception to the nonadmittance of net negative (disallowed) IMR.

- Agenda Item 2023-XX: SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve establishes a broad project to capture accounting guidance for AVR and IMR in SSAP No. 7.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): N/A

Recommendation:
NAIC staff recommend that the Working Group include this item on their maintenance agenda as a new SAP concept and expose this agenda item with proposed revisions to the A/S instructions to remove the guidance that permits the allocation of non-interest related losses to IMR. (Although NAIC staff believes this guidance is clarifying the original intent of IMR/AVR allocation, the revisions reflect a distinct change in practice to reduce the allocation of non-interest-related losses to the IMR.)

This agenda item is focusing solely on the specific allocation "absolutes" that currently exists in the A/S instructions to ensure that the guidance does not inadvertently permit the allocation of non-interest-related changes to the IMR. This agenda item is addressing one of the specific discussion topics noted in agenda item 2023-XX. Further revisions and assessment on other aspects of the IMR/AVR allocation, including whether gains and losses from bonds (and other investments) should be bifurcated between IMR/AVR, will be addressed in subsequent agenda items. (Revisions will subsequently captured in the SSAPs as part of the long-term project, but these revisions are proposed for immediate clarification edits in the A/S instructions as that is where guidance currently resides.)

<u>Interest Maintenance Reserve (IMR)</u>

Line 2 – Current Year's Realized Pre-tax Capital Gains (Losses) of $______ Transferred into the Reserve Net of Taxes of $______

Include interest-rate-related realized capital gains (losses), net of capital gains tax thereon. All realized capital gains (losses) transferred to the IMR are net of capital gains taxes thereon. Exclude non-interest-related (default) realized capital gains and (losses), realized capital gains (losses) on equity investments, and unrealized capital gains (losses).

All realized capital gains (losses), due to interest rate changes on fixed income investments, net of related capital gains tax, should be captured in the IMR and amortized into income (Column 2, Lines 1 through 31) according to Table 1 or the seriatim method. Realized capital gains (losses) must be classified as either interest (IMR) or non-interest (AVR) related, not a combination except as specified in *SSAP No. 43R—Loan-Backed and Structured Securities*. Purchase lots with the same CUSIP are treated as individual assets for IMR and Asset Valuation Reserve (AVR) purposes.

Exclude those capital gains and (losses) that, in accordance with contract terms have been used to directly increase or (decrease) contract benefit payments or reserves during the reporting period. The purpose of this exclusion is to avoid the duplicate utilization of such gains and (losses).

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes. By capturing the realized capital gains (losses) net of tax, the capital gains tax associated with those capital gains (losses) due to an interest rate change is charged or credited to the IMR and amortized in proportion to the before-tax amortization.

Include realized capital gains (losses) on:

Debt securities (excluding loan-backed and structured securities) and preferred stocks where the realized capital gains (losses) more predominantly reflect interest-related changes. By default, debt instruments whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period, or within a reasonable amount of time after the reporting entity has sold/disposed of the instrument, are~~is~~ ~~**NOT**~~ different from its NAIC designation at the beginning of the holding period by more than one NAIC designation or NAIC designation category shall not be considered to reflect interest-related changes. Gains (losses) from those debt instruments shall NOT be reported in the IMR and shall be reported in the AVR ~~Exclude any such gains (losses) exempt from the IMR.~~

Exchange Traded Funds (ETFs) as listed on the SVO Identified Bond ETF List (thereafter subject to bond IMR guidelines) and the SVO Identified Preferred Stock ETF List (thereafter subject to preferred stock IMR guidelines). Include any capital gains (losses) realized by the Company, whether from sale of the ETF or capital gains distributions by the ETF. If the ETF is removed from either SVO ETF list, the ETF is reported and treated as common stock, with any capital gains/(losses) excluded from the IMR.

SVO Identified Funds designated for systematic value

Called bonds, tendered bonds, and sinking fund payments.

Mortgage loans where the realized gains (losses) more predominantly reflect interest-related changes. By default, mortgage loans that meet any of the following criteria shall not be considered to reflect interest-related losses. Realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or
- Interest is ~~**NOT**~~ more than 90 days past due, or
- The loan is ~~**NOT**~~ in process of foreclosure, or
- The loan is ~~**NOT**~~ in course of voluntary conveyance, or
- The terms of the loan have ~~**NOT**~~ been restructured during the prior two years.

Additional Provisions for Including/Excluding Gains (Losses) from IMR:

Mortgage loan prepayment penalties are not included in IMR. Treat them as regular investment income.

Interest-related gains (losses) realized on directly held capital and surplus notes reported on Schedule BA should be transferred to the IMR in the same manner as similar gains and (losses) on fixed income assets held on Schedule D. A capital gain (loss) on such a note is classified as an interest rate gain if the note is eligible for amortized-value accounting at both the time of acquisition and the time of disposition.

Determination of IMR gain (loss) on multiple lots of the same securities should follow the underlying accounting treatment in determining the gain (loss). Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or (loss).

Realized capital gains (losses) on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of 6 at any time during the holding period should be excluded from the IMR and included as a non-interest-related gain (loss) in the AVR.

Realized capital gains (losses) on any preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as non-interest-related gains (losses) in the AVR.

The holding period for debt securities (excluding loan-backed and structured securities) and preferred stocks is defined as the period from the date of purchase to the date of sale. For the end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990. For preferred stocks acquired before Jan. 1, 1993, the holding period is presumed to have begun on Dec. 31, 1992. For SVO Identified ETFs, the holding period is defined as one calendar year to expected maturity. For SVO Identified Funds designated for systematic value, the holding period is the weighted-average life of the underlying bonds.

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

Asset Valuation Reserve (AVR)

Line 2 – Realized Capital Gains (Losses) Net of Taxes – General Account

Report all realized non-interest-related (default) and equity capital gains (losses), net of capital gains tax, applicable to the assets in each component and sub-component. All realized capital gains (losses) transferred to the AVR are net of capital gains taxes thereon. Exclude all interest rate-related capital gains (losses) from the AVR.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes.

Report all realized capital gains (losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) where the realized capital gains (losses) more predominantly reflect non-interest-related changes. By default, debt instruments whose NAIC/SVO designation at the end of the holding period, or within a reasonable amount of time after the reporting entity has sold/disposed of the instrument, is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC designation or NAIC designation category shall be considered to reflect non-interest-related changes. Gains (losses) from those debt instruments shall be reported in the AVR ~~by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990.~~.

Determination of AVR gain (loss) on multiple lots of the same fixed income securities should follow the underlying accounting treatment in determining gain (loss). Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or (loss).

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

In accordance with *SSAP No. 43R—Loan-Backed and Structured Securities*, for loan-backed and structured securities only:

- Other-Than-Temporary Impairment – Non-interest-related other-than-temporary impairment losses shall be recorded through the AVR. If the reporting entity wrote the security down to fair value due to the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis, the non-interest-related portion of the other-than-temporary impairment losses shall be recorded through the AVR; the interest related other-than-temporary impairment losses shall be recorded through the IMR. The analysis for bifurcating impairment losses between AVR and IMR shall be completed as of the date when the other-than-temporary impairment is determined.

- Security Sold at a Loss Without Prior OTTI – An entity shall bifurcate the loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. As such, an entity shall report the loss in separate AVR and IMR components as appropriate.

- Security Sold at a Loss with Prior OTTI – An entity shall bifurcate the current realized loss into AVR and IMR portions depending on interest- and non-interest-related declines in accordance with the analysis performed as of the date of sale. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.

- Security Sold at a Gain with Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale. The bifurcation between AVR and IMR that occurs as of the date of sale may be different from the AVR and IMR allocation that occurred at the time of previous other-than-temporary impairments. An entity shall not adjust previous allocations to AVR and IMR that resulted from previous recognition of other-than-temporary impairments.

- Security Sold at a Gain Without Prior OTTI – An entity shall bifurcate the gain into AVR and IMR portions depending on interest and non-interest factors in accordance with the analysis performed as of the date of sale.

In addition, all gains (losses), net of capital gains tax, on mortgage loans where the realized gains (losses) more predominantly reflect non-interest-related changes. By default, mortgage loans that meet any of the following criteria shall be considered to reflect non-interest-related changes and realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or
- Interest is more than 90 days past due, or
- The loan is in the process of foreclosure, or
- The loan is in course of voluntary conveyance, or
- The terms of the loan have been restructured during the prior two years

~~Would be classified as non-interest-related gains (losses).~~

The gain (loss), net of capital gains tax, on any debt security (excluding loan-backed and structured securities) that has had an NAIC/SVO designation of “6” at any time during the holding period should be reported as a credit related gain (loss).

All capital gains (losses), net of capital gains tax, from preferred stock that had an NAIC/SVO designation of RP4, RP5 or RP6 or P4, P5 or P6 at any time during the holding period should be reported as on-interest-related gains (losses) in the AVR.

However, for a convertible bond or preferred stock purchased while its conversion value exceeds its par value, any gain (loss) realized from its sale before conversion must be included in the Equity Component of the AVR. Conversion Value is defined to mean the number of shares available currently or at next conversion date multiplied by the stock’s current market price.

Report all realized equity capital gains (losses), net of capital gains tax, in the appropriate sub-components.

The following guidance pertains to instruments in Scope of *SSAP No. 86—Derivatives*:

- For derivative instruments used in hedging transactions, the determination of whether the capital gains (losses) are allocable to the IMR or the AVR is based on how the underlying asset is treated. Realized gains (losses), net of capital gains tax, on portfolio or general hedging instruments should be included with the hedged asset. Gains (losses), net of capital gains tax, on hedges used, as specific hedges should be included only if the specific hedged asset is sold or disposed of.

- For income generation derivative transactions, the determination of whether the capital gains (losses) are allocable to the IMR or the AVR is based on how the underlying interest (for a put) or covering asset (for a call, cap or floor) is treated. Realized gains (losses), net of capital gains tax should be included in the same sub-component where the realized gains (losses) of the underlying interest (for a put) or covering asset (for a call, cap or floor) is reported. Refer to *SSAP No. 86—Derivatives* for accounting guidance.

Realized gains (losses), net of capital gains tax, resulting from the sale of U.S. government securities and the direct or guaranteed securities of agencies which are backed by the full faith and credit of the U.S. government are exempt from the AVR. This category is described in the Investment Schedules General Instructions.

Ref #2023-15

Staff Review Completed by: Julie Gann - NAIC Staff, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a new SAP concept, and exposed proposed revisions to the annual statement instructions to remove the guidance that permits the specific allocation of non-interest related losses to IMR.

On December 1, 2023, the Statutory Accounting Principles (E) Working Group adopted, as final, revisions to the annual statement instructions to remove the guidance that permits the specific allocation of non-interest related losses to IMR with an effective date of January 1, 2024. The revisions from the exposure incorporate interested parties' comments on debt securities. This agenda item does not result in revisions to a SSAP. As this agenda item proposes revisions to the annual statement instructions, the adoption will be communicated via a memo to the Blanks (E) Working Group. The adoption incorporates the mortgage loan revisions as exposed and incorporates guidance for debt securities that directs AVR reporting if there is an acute credit event that negatively impacts the price of the security that has not yet been reflected in the CRP ratings/SVO feed at the time of the sale where the resulting gain/loss was predominantly credit related.

Adopted Revisions to the Annual Statement Instructions:

1) **Mortgage Loans – Adoption as Exposed:**

IMR:
Mortgage loans where the realized gains (losses) more predominantly reflect interest-related changes. By default, mortgage loans that meet any of the following criteria shall not be considered to reflect interest-related losses. Realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or

- Interest is ~~NOT~~ more than 90 days past due, or

- The loan is ~~NOT~~ in process of foreclosure, or

- The loan is ~~NOT~~ in course of voluntary conveyance, or

- The terms of the loan have ~~NOT~~ been restructured during the prior two years.

AVR:
In addition, all gains (losses), net of capital gains tax, on mortgage loans where the realized gains (losses) more predominantly reflect non-interest-related changes. By default, mortgage loans that meet any of the following criteria shall be considered to reflect non-interest-related changes and realized gains (losses) from mortgage loans with these characteristics shall be reported in the AVR:

- Any mortgage loan sold/disposed with an established valuation allowance under SSAP No. 37, or
- Interest is more than 90 days past due, or
- The loan is in the process of foreclosure, or
- The loan is in course of voluntary conveyance, or
- The terms of the loan have been restructured during the prior two years

~~Would be classified as non-interest related gains (losses).~~

2) Debt Securities – Modified with IP Comments: (Changes from Exposure are Shaded.)

IMR:
Include realized capital gains (losses) on:

Debt securities (excluding loan-backed and structured securities) and preferred stocks ~~where the realized capital gains (losses) more predominantly reflect interest-related changes. By default, debt instruments~~ whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period~~, or within a reasonable amount of time after the reporting entity has sold/disposed of the instrument,~~ ~~are~~~~is~~ is ~~**NOT**~~ different from its NAIC designation at the beginning of the holding period by one or less ~~more than one~~ NAIC designations. ~~or NAIC designation category shall not be considered to reflect interest-related changes. Gains (losses) from those debt instruments shall NOT be reported in the IMR and shall be reported in the AVR~~ ~~Exclude any such gains (losses) exempt from the IMR.~~ However, if the security sold also includes the following, it should not be included in IMR:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain/loss from the sale was predominantly credit related.

Shown Clean for Ease of Review:

Debt securities (excluding loan-backed and structured securities) and preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is different from its NAIC designation at the beginning of the holding period by one or less NAIC designations. However, if the security sold also includes the following, it should not be included in IMR:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain/loss from the sale was predominantly credit related.

AVR:
Report all realized capital gains (losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) ~~where the realized capital gains (losses) more predominantly reflect non-interest-related changes. By default, debt instruments~~ whose NAIC/SVO designation at the end of the holding period~~, or within a reasonable amount of time after the reporting entity has sold/disposed of the instrument,~~ is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC designation ~~or NAIC designation category~~ shall be considered to reflect non-interest-related changes. Gains (losses) from those debt instruments shall be reported in the AVR ~~by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990.~~. However, securities without more than one designation change shall be included in the AVR if it includes the following:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain/loss from the sale was predominantly credit related.

Shown Clean for Ease of Review:

AVR:
Report all realized capital gains (losses), net of capital gains tax, on each debt security (excluding loan-backed and structured securities) whose NAIC/SVO designation at the end of the holding period is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC designation shall be considered to reflect non-interest-related changes. Gains (losses) from those debt instruments shall be reported in the AVR. However, securities without more than one designation change shall be included in the AVR if it includes the following:

- Between the purchase and sale date there was an acute credit event (a known event that significantly negatively impacts the price of the security), that was not yet reflected in CRP ratings and/or the SVO feed at the time of the sale, where the resulting gain/loss from the sale was predominantly credit related.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneE-23-15-IMR Specific Allocations.docx

Ref #2023-17

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Short-Term Investments

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been developed to review the guidance in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term investments* and establish principal concepts for the types of investments that should be permitted for reporting as either cash equivalents or short-term investments. This agenda item is in response to noted situations in which certain types of investments, particularly collateral loans or other Schedule BA items, are being designed specifically to meet the parameters for short-term reporting. Although revisions were previously incorporated to prevent the "rolling" of short-term items, information has been shared that some reporting entities are now effectively ending short-term collateral loan investments, only to reissue those collateral loans from other lenders in the same group (same ultimately owners) so that they can continue to qualify as short-term for reporting on Schedule DA. The effect is a continuously reporting short-term collateral loan investments in a way so that the investment in appearance is not considered 'substantially similar' to the investment previously held, although in effect the borrower is the same holding company group. This approach permits the company to report these investments as "Other Short-Term Investments" on Schedule DA, rather than in the designated reporting line for collateral loans. This allows companies to reduce the appearance of the collateral loans, not provide the detail that would be required for the loan is reported on Schedule BA, and potentially result in non-compliance with the SSAP No. 21 admittance requirements due to the Schedule DA reporting. Under SSAP No. 2R, paragraph 16, short-term investments are to be accounted for in the same manner as similar long-term investments. However, paragraph 17 indicates that short-term investments are admitted to the extent that they conform to the requirements of SSAP No. 2R. Although the intent of paragraph 16 is to require the same valuation and admittance requirements for short-term that exist for long-term, some reporting entities may be valuing collateral loans similar to the requirements of SSAP No. 21 but may interpret the guidance to indicate that the collateral requirements for admittance in SSAP No. 21 are not required if the investment has a short-term maturity.

In evaluating the current situation, the prior situations in which short-term investments were being continuously rolled, as well as the SSAP No. 2R guidance, it has been questioned why collateral loans and mortgage loans are included in the SSAP No. 2R guidance as named examples and whether Schedule BA investments should be permitted to be reported as wither cash equivalents (on Schedule E2) or short-term investments (on Schedule DA). For these investments, the main benefit of reporting as short-term (or cash equivalent) is the reduced RBC charge and/or potential exclusions from state investment limitations. Although NAIC designations are not required to be reported for cash equivalent or short-term investments, such designations are not required for collateral loans, mortgage loans or any Schedule BA investment. As such, excluding those items from Schedule DA will not impose a requirement for any reporting entity to obtain an NAIC designation. Considering this assessment, this agenda item proposes the exclusion of additional investment types from being reported as cash equivalents or short-term investments regardless of the maturity date of the investment at the date of acquisition.

Effectively, this agenda item and the prior revisions to exclude certain investments from SSAP No. 2R discussed as part of the bond project, will eliminate investments (except money market mutual funds and cash pooling dynamics) from being reported as cash equivalents or short-term investments unless they would qualify under *SSAP*

No. 26R—Bonds as an issuer credit obligation. Such investments will then only qualify as a cash equivalent or short-term investment if they have a maturity date within 3-months (cash equivalents) or 12-months (short-term) from the date of acquisition or meet the specifics requirements for money market mutual funds or cash pooling arrangements. NAIC staff believes this scope is appropriate as investments that qualify as issuer credit obligations tend to reflect the more "traditional" investments, for which a short duration holding timeframe will most often have limited valuation swings caused from interest rate risk as well as other unknowns. Furthermore, as investments captured as issuer credit obligations in SSAP No. 26R are permitted as admitted assets without other qualifications (such as collateral or audit requirements), the ability to report as cash equivalent or short-term will not cause confusion on the applicability of such requirements in determining whether the investment should qualify as an admitted asset because it qualifies to be in scope of SSAP No. 2R.

This agenda item proposes to retain the guidance in SSAP No. 2R that prevents cash equivalent or short-term reporting for related party investments if the reporting entity does not reasonably expect to terminate the investment, the original maturity time as passed, and if the reporting entity reacquired a substantially similar investment. Investments with those characteristics will be required to be reported as long-term assets. With the limitation of eligible assets to issuer credit obligations in scope of SSAP No. 26R, NAIC staff anticipates the need for the guidance to be reduced but it could still be applicable.

The agenda item also proposes to retain the clarification that certificates of deposit do not qualify as cash equivalents or short-term deposits. This is because certificates of deposit that are less than 12 months in duration are classified as cash. Certificates of deposits that go beyond 12 months are reported as long-term bonds on Schedule D.

Existing Authoritative Literature:

- **SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments**

Cash Equivalents

6. Cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities[1] of three months or less can qualify under this definition, with the exception of money market mutual funds, as detailed in paragraph 8, and cash pooling, as detailed in paragraph 9. Regardless of maturity date, derivative instruments shall not be reported as cash equivalents and shall be reported as derivatives on Schedule DB. Securities with terms that are reset at predefined dates (e.g., an auction-rate security that has a long-term maturity and an interest rate that is regularly reset through a Dutch auction) or have other features an investor may believe results in a different term than the related contractual maturity shall be accounted for based on the contractual maturity at the date of acquisition, except where other specific rules within the statutory accounting framework currently exist.

7. Regardless of maturity date, related party or affiliated investments that would be in scope of *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities,* or that would be reported as "Other Invested Assets" shall be reported as long-term investments if any of the following conditions apply,[2] unless the reporting entity has re-underwritten the investment, maintained appropriate re-underwriting documentation, and

[1] Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months.

[2] Cash equivalents subject to the provisions of paragraph 7 are not permitted to be subsequently reported as short-term investments, even if the updated/reacquired maturity date is within one year. These investments shall be reported as long-term investments. To avoid changes in reporting schedules, reporting entities are permitted to report securities as long-term investments at initial acquisition, regardless of the initial maturity date.

each participating party had the ability to independently review the terms and can terminate the transaction prior to renewal.

a. The reporting entity does not reasonably expect the investment to terminate on the maturity date. This provision includes investments that are expected to be renewed (or rolled) with a maturity date that ends subsequent to the initial 90-day timeframe.

b. The investment was previously reported as a cash equivalent investment and the initial maturity timeframe has passed. If an investment is reported as a cash equivalent and it is unexpectedly renewed/rolled, the reporting entity is not permitted to continue to report the held security as a cash equivalent, regardless of the updated maturity date, and shall report the security as a long-term investment. An investment is only permitted to be reported as a cash equivalent for one quarter reporting period. Meaning, if an investment was reported as a cash equivalent in the first quarter, it is not permitted to be reported as a cash equivalent in the second quarter.

c. The reporting entity reacquired the investment (or a substantially similar investment) within one year after the original security matured or was terminated. These reacquired securities shall be reported as long-term investments. (These securities are also not permitted to be reported as short-term investments, regardless of the maturity date of the reacquired investment.)

8. Money market mutual funds registered under the Investment Company Act of 1940 and regulated under rule 2a-7 of the Act shall be accounted for and reported as cash equivalents for statutory accounting. Investments in money market mutual funds shall be valued at fair value or net asset value (NAV) as a practical expedient. For reporting entities required to maintain an asset valuation reserve (AVR), the accounting for unrealized capital gains and losses shall be in accordance with *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*. For reporting entities not required to maintain an AVR, unrealized capital gains and losses shall be recorded as a direct credit or charge to surplus. Sales/reinvestments in money market mutual funds are excluded from the wash sale disclosure in SSAP No. 103R.

9. Cash pooling is a technique utilized by some companies under common control by which several entities' cash accounts are aggregated for numerous purposes, including liquidity management, optimizing interest or investment returns and reducing investment or banking transaction fees. Cash pools can have numerous functions and structures; however, only those that have obtained domiciliary regulator approval and meet the following requirements are in scope of this statement.

a. Members or participants in the pool are limited to affiliated entities as defined in *SSAP No. 25—Affiliates and Other Related Parties*.

b. Investments held by the pool are limited to non-affiliated entities investments (non-affiliated to the insurance reporting entity).

c. The pool must permit each participant to withdraw, at any time, cash up to the amount it has contributed to the pool. Each participant must own an undivided interest in the underlying assets of the pool in proportion to the aggregate amount of cash contributed. All affiliates' interests in the pool shall be of the same class, with equal rights, preferences, and privileges. All membership interests shall be fully paid and non-assessable and shall have no preemptive, conversion or exchange rights. The liability of a participant's debts and obligations of the pool shall be limited to the amount of its contributions and no participant shall be obligated to contribute money to the pool for any reason other than to participate in the pool's investments. Additionally, participants shall not cover the debits or credits of another participant (commonly referred to as notional cash pooling).

d. A reporting entity shall receive monthly reports from the pool manager, which identifies the participant's investment (share) in the cash pool and the dollar value of its share of cash, cash equivalents and short-term investments. The reporting entity shall report their total balances in the cash pool on Schedule E – Part 2, utilizing the line number as specified in the annual statement instructions. The reporting entity shall independently if the investments would have qualified as cash, cash equivalents or short-term investments had the entity independently acquired the investments. To the extent the pool holds investments that do not meet the definition of cash, cash equivalents, short-term investments, the pool does not qualify within scope of this statement.

e. Valuation of assets in the pool shall remain consistent with the valuations required by reported asset type as stipulated in this statement.

Short-Term Investments

14. Short-term investments are investments that do not qualify as cash equivalents with remaining maturities (or repurchase dates under reverse repurchase agreements) of one year or less at the time of acquisition. Short-term investments can include, but are not limited to bonds, commercial paper, reverse repurchase agreements, and collateral and mortgage loans which meet the noted criteria. Short-term investments shall not include investments specifically classified as cash equivalents as defined in this statement, certificates of deposit, or derivatives. Regardless of maturity date, derivative instruments shall not be reported as short-term investments and shall be reported as derivatives on Schedule DB.

15. Regardless of maturity date, related party or affiliated investments in scope of *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities,* or that would be reported as "Other Invested Assets" shall be reported as long-term investments if any of the following conditions apply,[3, 4] unless the reporting entity has re-underwritten the investment, maintained appropriate re-underwriting documentation, and each participating party had the ability to independently review the terms and can terminate the transaction prior to renewal.

a. The reporting entity does not reasonably expect the investment to terminate on the maturity date. This provision includes investments that are expected to be renewed (or rolled) with a maturity date that ends subsequent to the initial "less than one year" timeframe.

b. The investment was previously reported as a short-term investment and the initial maturity timeframe has passed. If an investment is reported as a short-term investment and it is unexpectedly renewed/rolled, the reporting entity is not permitted to continue to report the held security as a short-term investment (or as a cash equivalent) regardless of the updated maturity date and shall report the security as a long-term investment. An investment is only permitted to be reported as a short-term investment for one annual reporting period. Meaning, if an investment was reported as a short-term investment as of December 31, 2018, it is not permitted to be reported as short-term investment as of December 31, 2019.

c. The reporting entity reacquired the investment (or a substantially similar investment) within one year after the original security matured or was terminated. These reacquired securities shall be reported as long-term investments. (These securities are also not permitted to be reported as cash equivalent investments regardless of the maturity date of the reacquired investment.)

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[3] Reverse repurchase transactions are excluded from these provisions if admitted in accordance with collateral requirements pursuant *to SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.*

[4] Short-term investments subject to the provisions of paragraph 15 are not permitted to be subsequently reported as cash equivalents, even if the updated/reacquired maturity date is within 90 days. These investments shall be reported as long-term investments. To avoid changes in reporting schedules, reporting entities are permitted to report securities as long-term investments at initial acquisition, regardless of the initial maturity date.

16. All short-term investments shall be accounted for in the same manner as similar long-term investments.

17. Short-term investments meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement.

- **Proposed Revisions under the Bond Project – Potential Adoption 2023 Summer National Meeting**

(These revisions are shaded to separate them from what is proposed as new edits under this agenda item.)

Cash Equivalents

6. Cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities[5] of three months or less can qualify under this definition, with the exception of money market mutual funds, as detailed in paragraph 8, and cash pooling, as detailed in paragraph 9. Regardless of maturity date, d~~D~~erivative instruments in scope of SSAP No. 86 or SSAP No. 108~~shall not be reported as cash equivalents and shall be reported as derivatives on Schedule DB~~.

a. Working capital finance investments in scope of SSAP No. 105R.

~~a.~~b. Securities with terms that are reset at predefined dates (e.g., an auction-rate security that has a long-term maturity and an interest rate that is regularly reset through a Dutch auction) or have other features an investor may believe results in a different term than the related contractual maturity shall be accounted for based on the contractual maturity at the date of acquisition, except where other specific rules within the statutory accounting framework currently exist.

Short-Term Investments

14. Short-term investments are investments that do not qualify as cash equivalents with remaining maturities (or repurchase dates under reverse repurchase agreements) of one year or less at the time of acquisition. Short-term investments can include, but are not limited to bonds, commercial paper, reverse repurchase agreements, and collateral and mortgage loans which meet the noted criteria. Short-term investments shall not include investments specifically classified as cash equivalents as defined in this statement, certificates of deposit, or derivatives. Regardless of maturity date, the following investments are not permitted to be reported as cash equivalents and shall be reported on the investment schedule that corresponds to the SSAP for which the investment is applicable:

a. Asset-backed securities captured in scope of SSAP No. 43R.

b. All debt securities that do not qualify as bonds, which are in scope of SSAP No. 21R.

c. ~~d~~Derivative instruments in scope of SSAP No. 86 or SSAP No. 108~~shall not be reported as short-term investments and shall be reported as derivatives on Schedule DB~~.

d. Working capital finance investments in scope of SSAP No. 105R.

[5] Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

- Agenda item 2019-21: Principles-Based Bond Definition, proposes revisions to revise the definition of a bond, and establishes guidance separating between investments captured in *SSAP No. 26—Bonds* as issuer credit obligations for reporting on Schedule D-1-1 and investments captured in *SSAP No. 43R—Asset-Backed Securities* for reporting on Schedule D-1-2. With the requirements to assess ABS in determining whether they qualify for Schedule D-1-2 reporting as a "bond", revisions have been proposed to exclude ABS, as well as debt securities that do not qualify as bonds captured in SSAP No. 21R, from reporting on Schedule DA as cash equivalents or short-term investments. (These revisions are above with an anticipated adoption at the 2023 Summer National Meeting with a planned effective date of January 1, 2025.)

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): N/A

Recommendation:
NAIC staff recommend that the Working Group include this item on their maintenance agenda as a new SAP concept and expose this agenda item with proposed revisions to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. These revisions are proposed to ensure that certain investment types are captured on designated Schedule BA reporting lines and to eliminate the potential to design investments to specifically qualify for short-term reporting and perhaps mask the extent of investments held or to obtain favorable reporting such as with reduced RBC, exceptions for state investment limits, admittance requirements etc., (NAIC staff notes that NAIC designations are not required for cash equivalents or short-term investments, however, the investments proposed to be excluded from cash equivalents and short-term reporting in this agenda item are not required to obtain NAIC designations.)

With the adoption consideration of the bond definition, including the edits to exclude ABS and debt securities that do not qualify as bonds from SSAP No. 2R at the 2023 Summer National Meeting, this agenda item proposes edits after reflection of the bond project changes. To be consistent with the effective date of the bond project, this agenda item proposes an effective date of January 1, 2025. Additionally, subsequent blanks reporting changes will be considered to modify the cash equivalent and short-term reporting lines accordingly.

Proposed revisions to SSAP No. 2R:

Cash Equivalents

6. Cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities[6] of three months or less can qualify under this definition, with the exception of money market mutual funds, as detailed in paragraph 8, and cash pooling, as detailed in paragraph 9. Certificates of deposit with a maturity of less than 12 months at the time of acquisition are reported as cash pursuant to paragraph 5. Regardless of maturity date, the following investments are not

[6] Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months.

permitted to be reported as cash equivalents and shall be reported on the investment schedule that corresponds to the SSAP for which the investment is applicable:

a. Asset-backed securities captured in scope of SSAP No. 43R.

b. All investments that are reported on Schedule BA, including but not limited to:

i. All debt securities that do not qualify as bonds ~~which are~~ in scope of SSAP No. 21R.

ii. Collateral/Non-Collateral loans captured in scope of SSAP No. 21R.

iii. Working capital finance investments in scope of SSAP No. 105R.

~~i.~~iv. Surplus notes in scope of SSAP No. 41R.

c. Mortgage loans captured in scope of SSAP No. 37.

~~b.~~d. Derivative instruments in scope of SSAP No. 86 or SSAP No. 108.

~~c.a. Working capital finance investments in scope of SSAP No. 105R.~~

~~d.~~e. Securities with terms that are reset at predefined dates (e.g., an auction-rate security that has a long-term maturity and an interest rate that is regularly reset through a Dutch auction) or have other features an investor may believe results in a different term than the related contractual maturity shall be accounted for based on the contractual maturity at the date of acquisition, except where other specific rules within the statutory accounting framework currently exist.

Short-Term Investments

14. Short-term investments are investments that do not qualify as cash equivalents, but that are still considered highly liquid as they have ~~with~~ remaining maturities (or repurchase dates under reverse repurchase agreements) of one year or less at the time of acquisition. ~~Short-term investments can include, but are not limited to bonds, commercial paper, reverse repurchase agreements, and collateral and mortgage loans which meet the noted criteria. Short-term investments shall not include investments specifically classified as cash equivalents as defined in this statement, certificates of deposit, or derivatives.~~ Certificates of deposit with a maturity of less than 12 months at the time of acquisition are reported as cash pursuant to paragraph 5. Regardless of maturity date, the following investments are not permitted to be reported as ~~cash equivalents~~ short-term investments and shall be reported on the investment schedule that corresponds to the SSAP for which the investment is applicable:

a. Asset-backed securities captured in scope of SSAP No. 43R.

b. All investments that are reported on Schedule BA, including but not limited to:

i. All debt securities that do not qualify as bonds in scope of SSAP No. 21R.

ii. Collateral/Non-Collateral loans captured in scope of SSAP No. 20R or 21R.

iii. Working capital finance investments in scope of SSAP No. 105R.

iv. Surplus notes in scope of SSAP No. 41R.

~~b. All debt securities that do not qualify as bonds which are in scope of SSAP No. 21R.~~

c. Mortgage loans captured in scope of SSAP No. 37.

~~c.~~d. Derivative instruments in scope of SSAP No. 86 or SSAP No. 108.

~~d. Working capital finance investments in scope of SSAP No. 105R.~~

Staff Review Completed by: Julie Gann - NAIC Staff, July 2023

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a new SAP concept, and exposed revisions to SSAP No. 2R to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. To correspond with the bond project, this agenda item proposes an effective date of January 1, 2025. Additionally, subsequent blanks reporting changes will be considered to modify the cash equivalent and short-term reporting lines accordingly.

On December 1, 2023, the Statutory Accounting Principles (E) Working Group adopted, as final, the exposed revisions to SSAP No. 2R to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. To correspond with the bond project, this agenda item is effective January 1, 2025. In addition, NAIC staff were directed to sponsor a blanks proposal to revise the reporting lines accordingly and to draft an issue paper to detail the revisions for historical reference.

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneF-23-17-Short-Term Investments.docx

Ref #2023-22

Statutory Accounting Principles (E) Working Group Maintenance Agenda Submission Form Form A

Issue: Actuarial Guideline 51 and Appendix A-010 Interaction

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
In 2017, the National Association of Insurance Commissioners (NAIC) adopted Actuarial Guideline 51, *The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51). Subsequent to the adoption of AG 51, American Academy of Actuaries, Health Practice Council, Financial Reporting and Solvency Committee have observed some diversity in practice across issuers of long-term care insurance with regard to how the new guidance in AG 51, and specifically Section 4.C thereof, interacts with existing guidance on accident & health (A&H) insurance reserve adequacy, as found in paragraph 24 of Statement *of Statutory Accounting Principles (SSAP) No. 54R—Individual and Group Accident and Health Contracts*, and paragraph 26 of Appendix A-010, *Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts.*

As an illustration of the observed diversity in practice, consider the following illustrative, simplified example:

1. Company XYZ has three lines of business: long-term care insurance, Medicare Supplement (Med Sup) insurance, and whole life insurance.

2. Cash flow testing performed for the long-term care block in isolation, in accordance with AG 51, shows deficiencies in all tested scenarios.

3. Cash flow testing performed for the entity as a whole, including both the life and A&H business combined, shows significant sufficiencies at the entity level in all tested scenarios.

4. A gross premium valuation performed on the long-term care reserves, in isolation, indicates that those reserves are deficient by $250 million.

5. A gross premium valuation performed on the Medicare Supplement reserves, in isolation, indicates that those reserves contain $150 million of sufficiency.

Given these facts, does Company XYZ need to strengthen its accident and health reserves in order to comply with the requirements of the NAIC *Accounting Practices & Procedures Manual*?

Depending on how one views the intended interaction between AG 51 and Appendix A-010, in this illustrative example one could conclude either that Company XYZ's reserves are adequate, or that they are deficient by $100 million.

Argument that the reserves are adequate:

- Section 4.C of AG 51 sets out conditions for "determining whether additional reserves are necessary" for a block of long-term care insurance.

- In particular, Section 4.C.1 of AG 51 says that "a reserve deficiency in the LTC block may be aggregated with sufficiencies in the company's other blocks of business for the purposes of developing an actuarial opinion, if cash-flow testing is used for both the LTC business and for all significant blocks of non-LTC business within a company."

- In light of point 3 above, this implies that Company XYZ does not need to establish any additional reserves for its long-term care block. In effect, here Company XYZ gets to use sufficiencies that exist in its life reserves to avoid needing to strengthen its LTC reserves.

- There had been an exposure draft of AG 51 in February 2017 that contained the following language: "Requirements for standalone analysis for a health insurance major block of contracts, per *Model Regulation #010*, still apply even if aggregation of cash-flow testing results occurs." However, this language was deleted from the version of AG 51 that was adopted later in 2017.

Argument that the reserves are deficient by $100 million:

- Combining points 4 and 5 above, a gross premium valuation performed on Company XYZ's A&H business in total shows a net deficiency of $100 million ($250 million LTC deficiency, offset by $150 million Medicare Supplement sufficiency).

- Paragraph 26 of Appendix A-010 reads, in part, "…a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts, or with respect to the insurer's health business as a whole. In the event inadequacy is found to exist, immediate loss recognition shall be made and the reserves restored to adequacy."

- Nothing in AG 51 explicitly amends the requirement from Appendix A-010 that an entity's A&H reserves, in total, need to be adequate; nor is AG 51 explicitly referenced within the Valuation Manual Section VM-25, "Health Insurance Reserves Minimum Reserve Requirements," as a source of guidance on minimum reserve requirements.

- Thus, Company XYZ's health reserves, taken as a whole, must at a minimum exceed the reserves produced by a gross premium valuation, regardless of AG 51. This would imply that Company XYZ needs to strengthen its LTC reserves by $100 million, bringing the total deficiency in the gross premium valuation of its A&H reserves to zero.

Existing Authoritative Literature:

Excerpts from *SSAP No. 54R— Individual and Group Accident and Health Contracts* (bolding added):

11. Statutory policy reserves shall be established for all unmatured contractual obligations of the reporting entity arising out of the provisions of the contract. Where separate benefits are included in a contract, a reserve for each benefit shall be established as required in Appendix A-820. **A prospective gross premium valuation is the ultimate test of reserve adequacy as of a given valuation date.** Statutory reserves meet the definition of liabilities as defined in *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets*. The actuarial methodologies referred to in paragraph 12 meet the criteria required for reasonable estimates in SSAP No. 5R.

Ref #2023-22

12. **The reserving methodologies and assumptions used in calculating individual and group accident and health reserves shall meet the provisions of Appendices A-010, A-641, A-820, A-822 (as applicable), the *Valuation Manual* and the actuarial guidelines found in Appendix C of this Manual (as applicable).** Further, policy reserves shall be in compliance with those Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

Reserve Adequacy

24. As discussed in Appendix A-010, a prospective gross premium valuation is the ultimate test of the adequacy of a reporting entity's accident and health reserves as of a given valuation date and shall be determined on the basis of unearned premium reserves, contract reserves, additional reserves, claim reserves (including claim liabilities), and miscellaneous reserves combined; however, each component shall be computed separately.

Excerpts from Appendix A-010, *Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts* (bolding added)**:**

23. These standards apply to all individual and group health and accident and sickness insurance coverages, including single premium credit disability insurance. All other credit insurance is not subject to Appendix A-010.

24. When an insurer determines that adequacy of its health insurance reserves requires reserves in excess of the minimum standards specified herein, such increased reserves shall be held and shall be considered the minimum reserves for that insurer.

25. With respect to any block of contracts, or with respect to an insurer's health business as a whole**, a prospective gross premium valuation is the ultimate test of reserve adequacy as of a given valuation date.** Such a gross premium valuation will take into account, for contract in force, in a claims status, or in a continuation of benefits status on the valuation date, the present value as of the valuation date of all expected benefits unpaid, all expected expenses unpaid, and all unearned or expected premiums, adjusted for future premium increases reasonably expected to be put into effect.

26. Such a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts, or with respect to the insurer's health business as a whole. In the event inadequacy is found to exist, immediate loss recognition shall be made and the reserves restored to adequacy. Adequate reserves (inclusive of claim, premium and contract reserves, if any) shall be held with respect to all contracts, regardless of whether contract reserves are required for such contracts under these standards.

40. This statement incorporates the requirements of Appendices **A-010,** A-225, A-641, A-820, A-822 (as applicable), the *Valuation Manual,* the Actuarial Standards Board *Actuarial Standards of Practice* and **the actuarial guidelines found in Appendix C** of this manual (as applicable).

Excerpts from NAIC Valuation Manual, Section VM-25:

VM-25: HEALTH INSURANCE RESERVES MINIMUM RESERVE REQUIREMENTS A. Purpose 1. Reserve requirements for individual A&H insurance policies issued on and after the Valuation Manual operative date and reserve requirements for group A&H insurance certificates issued on and after the Valuation Manual operative date are applicable requirements found in the AP&P Manual; Appendix A, which includes A-10; and applicable requirements found in the AP&P Manual Appendix C, which includes Actuarial Guideline XXVIII—Statutory Claim Reserves for Group Long-Term Disability Contracts With a Survivor Income Benefit Provision (AG 28); Actuarial Guideline XLIV—Group Term Life Waiver of Premium

Disabled Life Reserves (AG 44); Actuarial Guideline XLVII—The Application of Company Experience in the Calculation of Claim Reserves Under the 2012 Group Long-Term Disability Valuation Table (AG 47); and Actuarial Guideline L—2013 Individual Disability Income Valuation Table (AG 50).

Excerpts from *Actuarial Guideline 51 - The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51)*

"Background. The *Health Insurance Reserves Model Regulation (#010)* and the *NAIC Valuation Manual (VM-25)* contain requirements for the calculation of long-term care insurance (LTC) reserves. Regulators have observed a lack of uniform practice in the implementation of tests of reserve adequacy and reasonableness of LTC reserves. The reserve adequacy testing required by Model #10 and VM-25 does not provide regulators comfort as to the reserve adequacy of companies with material blocks of LTC business. As such, regulators must rely upon asset adequacy analysis required by the *NAIC Valuation Manual* (*VM-30*) to evaluate the solvency position of companies with sizable blocks of LTC business. This Guideline is intended to provide uniform guidance and clarification of requirements for the appropriate support of certain assumptions for the asset adequacy testing applied to a company's LTC block of contracts. In particular, this Guideline….

Asset adequacy analysis specific to all inforce LTC business, and without consideration of results for other block of business within the company, must be performed for valuations associated with the December 31, 2017, and subsequent annual statutory financial statements. The analysis shall comply with applicable Actuarial Standards of Practice, including standards regarding identification of key risks. Material assumptions associated with the LTC business shall be determined using moderately adverse deviations in actuarial assumptions.

4.B When determining whether additional reserves are necessary:

1. A reserve deficiency in the LTC block may be aggregated with sufficiencies in the company's other blocks of business for the purposes of developing an actuarial opinion, if cash-flow testing is used for both the LTC business and for all significant blocks of non-LTC business within a company. If a reserve deficiency in the LTC block is not offset with sufficiencies in the company's other blocks of business, then additional reserves shall be established as required by section 2.C.2. of *VM-30*.

2. If cash-flow testing is not used for testing of the LTC business, then a reserve deficiency revealed from another method, e.g., a gross premium valuation, utilized for purposes of asset adequacy analysis of the LTC block under this Guideline shall not be offset with sufficiencies in the company's other blocks of business. The additional reserves under this Guideline shall be established based only upon the adequacy of the reserves in the LTC block.

First Page of Exhibit C

The NAIC Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force, formerly known as the Life and Health Actuarial Task Force, have been asked on many occasions to assist a particular state insurance department in interpreting a statute dealing with an actuarial topic relative to an unusual policy form or situation not contemplated at the time of original drafting of a particular statute. The Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force, in developing an interpretation or guideline, must often consider the intent of the statute, the reasons for initially adopting the statute and the current situation. The Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force feel that for those situations which are sufficiently common to all states, that the publishing of actuarial guidelines on these topics would be beneficial to the regulatory officials in each state and would promote uniformity in regulation which is beneficial to everyone. To this end, the Life Actuarial (A) Task Force and the Health Actuarial (B) Task Force have developed certain actuarial guidelines and will continue to do so as the need arises. **The guidelines are not intended to be viewed as statutory revisions but merely a guide to be used in**

applying a statute to a specific circumstance.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

Actuarial Guideline 51 was adopted by the Health Insurance and Managed Care (B) Committee in June 2017 and subsequently incorporated into Appendix C of the NAIC *Accounting Practices & Procedures Manual*.

As noted above, the February 2017 exposure draft of what was then called Actuarial Guideline LTC contained different language than the version adopted later that year as AG 51. The following are excerpts from the February 2017 exposure draft of AG LTC, with emphasis added. The bolded italicized language below does not exist, either verbatim or in modified form, within the adopted version of AG 51:

"Background The *Health Insurance Reserves Model Regulation (#010)* and the *NAIC Valuation Manual (VM-25)* contain requirements for the calculation of long-term care insurance (LTC) reserves. Regulators have observed a lack of uniform practice in the implementation of tests of reserve adequacy and reasonableness of LTC reserves. ***For instance, the Model Regulation states, "a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts"; however, other wording in the Model Regulation creates confusion for some on whether the test of adequacy is required at the major block of contract level. In the absence of uniform guidance, insurers may not be determining adequacy of LTC reserves in a uniform manner.*** As such, this Guideline provides uniform guidance and limits to certain assumptions for the asset adequacy testing applied to an insurer's major LTC block of contracts. …"

3.C "When determining whether additional reserves are necessary:

1. In the case where cash-flow testing is used for both LTC business and for the companywide analysis.
   a. A deficiency in the LTC segment may be offset by a projected and justified overall cash-flow testing sufficiency in non-LTC segments. The LTC-related assumptions in the companywide cash-flow testing shall be the same as with the standalone LTC cash- flow testing.
   b. To the extent projected LTC reserve sufficiency is not offset through aggregation, reserves for LTC business shall be increased by any additional reserves required to eliminate the projected reserve insufficiency.
   c. ***Requirements for standalone analysis for a health insurance major block of contracts, per Model Regulation #010, still apply even if aggregation of cash-flow testing results occurs."***

2. "In cases where cash-flow testing is not used for LTC business, reserves for LTC business shall be increased by any additional reserves required by the standalone LTC business asset adequacy analysis to eliminate a reserve insufficiency."

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:

To our knowledge the Working Group has not previously been made aware that a diversity of practice has developed, subsequent to the adoption of AG 51, regarding how AG 51 interacts with Appendix A-010.

Ref #2023-22

In May 2022, the actuarial consulting firm Milliman released its seventh triennial survey on long-term care valuation practices.[1] Figure 2 of that report presents information about the approach companies use for aggregating statutory reserve adequacy testing results. The three options shown were "LTC line of business," selected by 8 out of the 20 respondents; "health or life business lines combined," selected by 2 out of the 20; and "company level," selected by 10 out of the 20. Figure 1 of that report presents information about the types of reserve adequacy testing that is performed.

The three options shown were:

1. "GPV only" ("Gross Premium Valuation only") selected by 3 out of the 20 respondents;
2. "Cash flow testing and GPV," selected by 4 out of the 20; and
3. "Cash flow testing only," selected by 13 out of the 20.

Taking these two pieces of data together, it would appear that many of the 20 companies participating in this Milliman survey believe that performing cash flow testing at the legal entity level is enough to satisfy reserve adequacy considerations in light of AG 51, and that there is not a separate requirement for the legal entity's accident and health reserves to be adequate in aggregate under a gross premium valuation.

Recommended Conclusion or Future Action on Issue:

The committee recommends that the Working Group issue an interpretation to clarify the intended interaction between AG 51 and Appendix A-010, along the lines of one of the following two statements below, depending on which statement reflects the NAIC's underlying intent:

Statement A: " With respect to an entity having a block of LTC insurance subject to Actuarial Guideline 51, even if Section 4.C of Actuarial Guideline 51 implies that the entity does not need to establish additional reserves for the LTC block, it nevertheless remains true that the entity's accident & health reserves in total must be adequate under a gross premium valuation in accordance with paragraph 26 of Appendix A-010."

Statement B: "With respect to an entity having a block of LTC insurance subject to Actuarial Guideline 51, if Section 4.C of Actuarial Guideline 51 implies that the entity does not need to establish additional reserves for the LTC block, then the reserves for the LTC block are deemed to be adequate for purposes of applying the requirements of paragraph 26 of Appendix A-010 if no other A&H blocks are deficient."

1 https://us.milliman.com/-/media/milliman/pdfs/2022-articles/5-24-22_2021_report_on_survey_of_ltci_valuation.ash

Recommending Party:

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February 23, 2023

Staff Review Completed by:
Robin Marcotte, July 2023

Staff Recommendation:
This agenda item addresses the February 23 request from the Financial Reporting and Solvency Committee of the Health Practice Council of the American Academy of Actuaries, to the Long-Term Care Actuarial (B) Working Group and to the Statutory Accounting Principles (E) Working Group which requested clarifications regarding some observed diversity in practice across issuers of long-term care insurance with regard to how the guidance in *Actuarial Guideline LI: The application of Asset Adequacy Testing to Long Term Care Insurance Reserves* (AG 51), specifically Section 4.C, on determining when additional reserves may be necessary, interacts with existing guidance on accident and health insurance reserve adequacy, in *SSAP No. 54R—Individual and Group Accident and Health Contracts*, paragraphs 12 and 24 and Appendix A-010*, Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts,* paragraph 26. The fundamental question is regarding whether gross premium valuation only, cash flow testing only or both cash flow testing and gross premium valuation are required.

NAIC staff recommend that the Working Group include this item on their maintenance agenda as a SAP clarification and expose clarifying revisions and an illustration to SSAP No. 54R to clarify that gross premium valuation (under A-010) and cash flow testing (under AG 51) are both required if indicated. In addition, the Long-Term Care Actuarial (B) Working Group and the Valuation Analysis (E) Working Group should receive formal notice of the exposure.

The recommendation is based on the following key points:

1. SSAP No. 54R, paragraph 12 references both Appendix A-010 and the Actuarial Guidelines in Appendix C. SSAP No. 54R, paragraph 24 explicitly notes the A-010 requirements for a prospective gross premium valuation as the ultimate test for reserve adequacy.

2. Appendix A-010 is based on a widely adopted NAIC model law 10 *Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts*. Appendix A-010 and Model 10 require that that an entity's A&H reserves, in total, need to be adequate. The front of Appendix C notes that the Actuarial Guidelines "The guidelines are not intended to be viewed as statutory revisions but merely a guide to be used in applying a statute to a specific circumstance."

3. The adoption of the AG -51 did not change the provisions of the Model Law 10 or Appendix A-010. The provisions of the model law and Appendix A-010 both require health insurance reserves to be sufficient from a gross premium valuation standpoint on their own.

    a. Paragraph 26 of Appendix A-010 reads, in part, "…a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts, or with respect to the insurer's health business as a whole. In the event inadequacy is found to exist, immediate loss recognition shall be made and the reserves restored to adequacy."

    b. Nothing in AG 51 explicitly amends the requirement from Appendix A-010 that an entity's A&H reserves, in total, need to be adequate. (Note that amending the Model #10 would require going through the NAIC model law procedures, therefore, until such a process is undertaken.)

    c. AG 51is not explicitly referenced within the *Valuation Manual* Section VM- 25, "Health Insurance Reserves Minimum Reserve Requirements," as a source of guidance on minimum reserve requirements.

4. AG 51 Section 4.C. provides an additional long term care reserves adequacy cash flow test which allows aggregation. The AG 51 cash flow testing is in addition to the requirements of A-010, it does not replace the gross premium valuation requirements of A-010.

Therefore, in response to the example, in the initial illustration, additional reserves are indicated under A-010 and SSAP No. 54R. (Statement A is the correct response for the Illustration on page 1.) In the example provided, a gross premium valuation performed on Company XYZ's A&H business in total shows a net deficiency of $100 million ($250 million LTC deficiency, offset by $150 million Medicare Supplement sufficiency).Therefore, the answer is that the company would need to post an additional $100 million such that the Long-Term Care and Medicare Supplement reserves are sufficient, from a gross premium valuation standpoint, in total.

Proposed revisions to SSAP No. 54R:

12. The reserving methodologies and assumptions used in calculating individual and group accident and health reserves shall meet the provisions of Appendices A-010, A-641, A-820, A-822 (as applicable), the *Valuation Manual* and the actuarial guidelines found in Appendix C of this Manual (as applicable). Further, policy reserves shall be in compliance with those Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

Reserve Adequacy

24. As discussed in Appendix A-010, a prospective gross premium valuation is the ultimate test of the adequacy of a reporting entity's accident and health reserves as of a given valuation date and shall be determined on the basis of unearned premium reserves, contract reserves, additional reserves, claim reserves (including claim liabilities), and miscellaneous reserves combined; however, each component shall be computed separately. Pursuant to Appendix A-010, paragraph 26, an entity's accident and health reserves in total must be adequate under a gross premium valuation. The requirements of ***Actuarial Guideline 51—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51)*** provide a test which indicates whether reserves in addition to the requirements of A-010 are indicated. AG 51 does not change the base requirements of A-010. (See Long-Term Care Illustration in Exhibit A)

New Exhibit to SSAP No. 54R

Long-Term Care Illustration on Interaction between SSAP No. 54R, and A-010 and AG 51

This illustration is to address the interaction in long-term care reserving requirements noted in this statement, Appendix A-010, *Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts* and *Actuarial Guideline 51—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51).* At a high level, A-010 is from Model #10 of the same name which provides the minimum requirements. AG 51 is an actuarial guideline which provides a test for whether additional reserves are indicated. AG 51 does not change the base requirements of A-010.

Consider the following illustrative, simplified example:

1. Company XYZ has three lines of business: long-term care insurance, Medicare Supplement (Med Sup) insurance, and whole life insurance.

2. Cash flow testing performed for the long-term care block in isolation, in accordance with Actuarial Guideline 51 (AG 51), shows deficiencies in all tested scenarios.

3. Cash flow testing performed for the entity as a whole, including both the Life and A&H business combined, shows significant sufficiency at the entity level in all tested scenarios.

4. A gross premium valuation performed on the long-term care reserves, in isolation, indicates that those reserves are deficient by $250 million.

5. A gross premium valuation performed on the Medicare Supplement reserves, in isolation, indicates that those reserves contain $150 million of sufficiency.

Given these facts, does Company XYZ need to strengthen its accident and health reserves in order to comply with the requirements of the NAIC *Accounting Practices & Procedures Manual*?

Response: Yes, Company XYZ needs to strengthen its accident and health reserves by $100 million. This number is determined by the following:

	Millions
Long-term care GPV, reserves are deficient by	($250) million.
Medicare Supplement GPV reserves sufficiency of	$150 million.
Accident and Health GPV reserve net deficiency of	**$100 million**

Appendix A-010, paragraph 26, and SSAP No. 54R, paragraph 24, both require gross premium valuation.

Actuarial Guideline 51 is a test for additional reserves. That is, passing AG 51 does not relieve the reporting entity of the requirement of SSAP No. 54R and A-010 to have adequate accident and health reserves indicated by gross premium valuation.

Status:
On August 13, 2023, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP No. 54R to clarify that gross premium valuation (under Appendix A-010) and cash flow testing (under AG 51) are both required, if indicated. In addition, the Working Group directed staff to provide formal notice of the exposure to the Long-Term Care Actuarial (B) Working Group and the Valuation Analysis (E) Working Group.

On December 1, 2023, the Statutory Accounting Principles (E) Working Group adopted, as final, the exposed revisions to SSAP No. 54 which clarify that gross premium valuation (under Appendix A-010) and cash flow testing (under AG 51) are both required, if indicated.

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2023-3 fall/summary and minutes/sapwg/attoneg-23-22 academy ag51 and a-010.docx

Ref #2023-23

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Residuals in Preferred Stock and Common Stock Structures

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☐	☒	☐
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been developed to specifically identify in *SSAP No. 30—Unaffiliated Common Stock* and *SSAP No. 32—Preferred Stock* that structures that are in substance residual interests shall be accounted and reported as residual interests.

Common stock and preferred stock structures reflect ownership equity interests. Such structures would not ordinarily be construed to be in-substance residual interests or residual security tranches (residuals). However, information has been shared that investments are being created to repackage potential "additional interest" or "performance coupons" separately from debt instruments and are referring to these structures as preferred stock issuances.

From information received, an example of such a design has occurred to eliminate an investment structure from being classified as a principal-protected note, which will not qualify as a bond under the adopted bond definition effective January 1, 2025, and eliminate the assessment of the investment under the SVO's principal-protected note methodology. With the repackaged structure, the debt security and 'additional interest' (equity) components will be separately issued. The debt structure will likely qualify as a bond and will likely have a higher credit designation that is permitted to be obtained from a credit-rating provider. (If reporting as a principal-protected note, the investment would be required to be filed with the SVO for a credit designation under the PPN methodology.)

Although the restructure of the investment design can occur, and the debt security component can be separately assessed to qualify as a bond, it is important to highlight that the equity component, which is based on the "additional interest / performance" of the dedicated pool of assets within the structure, is in substance a residual interest and is not in substance a common or preferred stock investment.

This agenda item proposes minor edits to SSAP No. 30R and SSAP No. 32R to explicitly state that structures that are in-substance residual interests shall be reported as residuals. Similar to the principal concepts detailed within the adopted bond definition, naming convention shall not direct investment classification, and the substance of the investment shall determine appropriate classification for statutory reporting. The revisions to the Annual Statement Instructions adopted in agenda item 2023-12 already identify that residual interests or residual security tranches that are not captured in *SSAP No. 43R—Loan-Backed and Structured Securities* or *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* but that reflect residuals shall be captured in the dedicated Schedule BA reporting lines for residual interests.

Existing Authoritative Literature:

- ***SSAP No. 43R—Loan-Backed and Structured Securities***

Residual Tranches or Interests

27. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows). Once those contractual requirements are met, the remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

28. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be stated principal or interest but that lack substance, and result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual holders to the debt tranches if the structure becomes stressed.

- ***SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies***

Residual Interests and Reporting

18. Investments in scope of this statement are reported on *Schedule BA: Other Long-Term Assets*. Schedule BA includes dedicated reporting categories for joint ventures, partnerships, and limited liability company investments as well as for residual interests, both with reporting lines in accordance with underlying asset characteristics. Investments within scope of this standard shall be divided within these reporting categories, with investments that reflect residual interests, or that predominantly hold residual interests captured in the residual interest reporting category.

19. A residual interest or a residual security tranche (collectively referred to as residuals) exists in investment structures that issue one or more classes of debt securities created for the primary purpose of

raising debt capital backed by collateral assets. The primary source of debt repayment is derived through rights to the cash flows of a discrete pool of collateral assets. These designs could be backed directly or indirectly through a feeder fund. The collateral assets generate cash flows that provide interest and principal payments to debt holders through a contractually prescribed distribution methodology (e.g., waterfall dictating the order and application of all collateral cash flows). Once those contractual requirements are met, the remaining cash flows generated by (or with the sale of) the collateral assets are provided to the holder of the residual security/residual interest holder. When an asset within the discrete pool of assets does not perform as expected, it impacts the extent to which cash flows will be generated and distributed. The residual holders in the structure continue to receive payments from the collateral so long as there are cash flows in excess of the debt obligations. The payments to the residual holder may vary significantly, both in timing and amount, based on the underlying collateral performance.

20. The structural design of a residual interest or residual security tranche can vary, but the overall concept is that they receive the remaining cash flows after all debt holders receive contractual interest and principal payments. Determining whether an investment in a structure reflects a residual interest or tranche shall be based on the substance of the investment held rather than its legal form. Common characteristics of residual interests/residual security tranches include the items noted below, but the presence or absence of any of these factors should not be definitive in determination. Classification as a residual should be based on the substance of the investment and how cash flows to the holder are determined.

a. Residuals often do not have contractual principal or interest.

b. Residuals may be structured with terms that appear to be stated principal or interest but that lack substance and result in receiving the residual cash flows of the underlying collateral. The terms allow for significant variation in the timing and amount of cash flows without triggering a default of the structure.

c. Residuals do not have credit ratings or NAIC assigned designations. Rather, they are first loss positions that provide subordination to support the credit quality of the typically rated debt tranches.

d. Residuals may provide payment throughout the investment duration (and not just at maturity), but the payments received continue to reflect the residual amount permitted after debt tranche holders receive contractual principal and interest payments.

e. Frequently, there are contractual triggers that divert cash flows from the residual holders to the debt tranches if the structure becomes stressed.

Schedule BA Annual Statement Instructions:

<u>Residual Tranches or Interests with Underlying Assets Having Characteristics of:</u>

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn’t be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities.*

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

- Agenda item 2023-12: Residuals was adopted on September 21, 2023, to clarify the description of residual interests / residual security tranches (residuals) and to clarify that all residuals shall be reported on the dedicated Schedule BA reporting lines.

- Bond Project – *SSAP No. 21R—Other Admitted Assets*: The revisions being considered to SSAP No. 21R under the bond project includes guidance for the measurement method (accounting) of residual interests. These revisions are still being discussed.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): N/A

Recommendation:
NAIC staff recommend that the Working Group include this item on their maintenance agenda as a SAP Clarification and expose this agenda item with proposed revisions to *SSAP No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock* to explicitly state that investments that are in-substance residual interests shall be reported on the dedicated reporting lines on *Schedule BA: Other Long-Term Assets*.

The Working Group is recommended to expose this agenda item via an interim evote for a shortened comment period to allow for adoption consideration during the 2023 Fall National Meeting to ensure appropriate reporting for year-end 2023.

Proposed Revisions to *SSAP No. 30R—Unaffiliated Common Stock*

1. This statement establishes statutory accounting principles for common stocks.

2. Investments in common stock of subsidiaries, controlled or affiliated entities (investments in affiliates) are not within the scope of this statement. They are addressed in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*. Investments in the form of common stock that are in substance residual interests or a residual security tranche, as defined in SSAP No. 43R or SSAP No. 48, shall be reported on *Schedule BA: Other Long-Term Assets* in the dedicated reporting lines for residuals.

Proposed Revisions to *SSAP No. 32R—Preferred Stock*

1. This statement establishes statutory accounting principles for preferred stock.

2. Investments in preferred stock of entities captured in *SSAP No. 97—Investments in Subsidiaries, Controlled or Affiliated Entities* or *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability*

Companies[1] as well as preferred stock interests of certified capital companies per *INT 06-02: Accounting and Reporting for Investments in a Certified Capital Company (CAPCO)* are included within the scope of this statement. The requirement to file investments in preferred stock of certain subsidiaries, controlled or affiliated entities with the NAIC pursuant to SSAP No. 97 does not affect the application of the accounting, valuation or admissibility under this statement. In addition to the provisions of this statement, preferred stock investments in SCAs are also subject to the provisions of *SSAP No. 25—Affiliates and Other Related Parties* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

~~2.~~3. Investments in the form of preferred stock that are in substance residual interests or a residual security tranche, as defined in SSAP No. 43R or SSAP No. 48, shall be reported on *Schedule BA: Other Long-Term Assets* in the dedicated reporting lines for residuals.

Staff Review Completed by: Julie Gann - NAIC Staff, October 2023

Status:
On October 31, 2023, the Statutory Accounting Principles (E) Working Group, through an e-vote, moved this agenda item to the active listing, categorized as a SAP clarification, and exposed revisions to SSAP Nos. 30R and 32R to specifically note that structures which are in substance residual interests shall be reported as residuals.

On December 1, 2023, the Statutory Accounting Principles (E) Working Group adopted, as final, the exposed revisions to SSAP No. 30R and SSAP No. 32R with minor placement revisions recommended by interested parties. The adopted revisions are effective for year-end 2023 reporting, and specifically note that structures which are in substance residual interests shall be reported as residuals. In addition, the Working Group directed a year-end blanks memo and a subsequent blanks proposal to incorporate additional annual statement instructions recommended by interested parties to Schedule D-2-1: Preferred Stock and Schedule D-2-2: Common Stock.

Illustration of adopted revisions:

Proposed Revisions to *SSAP No. 30R—Unaffiliated Common Stock*
(Moving the tracked changes to a new paragraph 3 is the only edit from the exposure. All other paragraphs in SSAP No. 30R will be renumbered.)

1. This statement establishes statutory accounting principles for common stocks.

2. Investments in common stock of subsidiaries, controlled or affiliated entities (investments in affiliates) are not within the scope of this statement. They are addressed in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

~~2.~~3. Investments in the form of common stock that are in substance residual interests or a residual security tranche, as defined in SSAP No. 43R or SSAP No. 48, shall be reported on *Schedule BA: Other Long-Term Assets* in the dedicated reporting lines for residuals.

Proposed Revisions to *SSAP No. 32R—Preferred Stock (No edits from exposure.)*

1. This statement establishes statutory accounting principles for preferred stock.

[1] Certain legal entities captured in SSAP No. 48, such as LLCs that are corporate-like, do not issue preferred stock in legal form, but instead issue identical instruments labeled preferred units, interests, or shares. These instruments shall be captured in this statement provided they meet the structural characteristics as defined in paragraph 3. Additionally, these instruments shall not be in-substance common stock in which the holder has risk and reward characteristics that are substantially similar to common stock.

2. Investments in preferred stock of entities captured in *SSAP No. 97—Investments in Subsidiaries, Controlled or Affiliated Entities* or *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*[2] as well as preferred stock interests of certified capital companies per *INT 06-02: Accounting and Reporting for Investments in a Certified Capital Company (CAPCO)* are included within the scope of this statement. The requirement to file investments in preferred stock of certain subsidiaries, controlled or affiliated entities with the NAIC pursuant to SSAP No. 97 does not affect the application of the accounting, valuation or admissibility under this statement. In addition to the provisions of this statement, preferred stock investments in SCAs are also subject to the provisions of *SSAP No. 25—Affiliates and Other Related Parties* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

~~2.~~3. Investments in the form of preferred stock that are in substance residual interests or a residual security tranche, as defined in SSAP No. 43R or SSAP No. 48, shall be reported on *Schedule BA: Other Long-Term Assets* in the dedicated reporting lines for residuals.

[2] Certain legal entities captured in SSAP No. 48, such as LLCs that are corporate-like, do not issue preferred stock in legal form, but instead issue identical instruments labeled preferred units, interests, or shares. These instruments shall be captured in this statement provided they meet the structural characteristics as defined in paragraph 3. Additionally, these instruments shall not be in-substance common stock in which the holder has risk and reward characteristics that are substantially similar to common stock.

Summer National Meeting - Review of GAAP Exposures for Statutory Accounting:

Pursuant to a 2014 direction from the SAPWG chair, there is a desire for the Statutory Accounting Principles (E) Working Group to be more proactive in considering FASB exposures that may be significant to statutory accounting and reporting. Historically, the SAPWG has commented on limited, key FASB exposures – mostly pertaining to insurance contracts and financial instruments. To ensure consideration of all FASB exposures, staff prepared this memorandum to highlight the current exposures, comment deadlines, and to provide a high-level summary of the exposed item's potential impact to statutory accounting. It is anticipated that this information would assist the Working Group in determining whether a comment letter should be submitted to the FASB on the issues. Regardless of the Working Group's election to submit comments to the FASB on proposed accounting standards, under the NAIC Policy Statement on Statutory Accounting Principles Maintenance Agenda Process, issued US GAAP guidance noted in the hierarchy within Section V of the Preamble to the *Accounting Practices and Procedures Manual* must be considered by the Statutory Accounting Principles (E) Working Group.

FASB Exposures: Exposure Documents and Public Comment Documents (fasb.org)

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Proposed Accounting Standards Update—*Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*	October 30, 2023

***Proposed Accounting Standards Update*—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses**

FASB issued this proposed update to improve the disclosures about a public business entity's expenses and address requests from investors, lenders, creditors, and other allocators of capital (collectively, "investors") for more detailed information about the types of expenses (including employee compensation, depreciation, and amortization) in commonly presented expense captions (such as cost of sales, selling, general, and administrative expenses (SG&A), and research and development). Feedback from investors on the 2021 FASB Invitation to Comment, *Agenda Consultation*, indicated that disclosure of disaggregated financial reporting information (in the income statement, the statement of cash flows, or the notes to financial statements) should be a top priority for the Board. Investors have observed that more detailed information about expenses is critically important in understanding an entity's performance, assessing an entity's prospects for future cash flows, and comparing an entity's performance both over time and with that of other entities. Investors specifically indicated that more granular information about cost of sales and SG&A would assist them in better understanding an entity's cost structure and forecasting future cash flows. Some investors also noted that employee compensation costs should be disclosed in greater detail.

The Board expects that nearly all public business entities, particularly those that present expense captions, such as cost of sales and SG&A on the face of their income statements, would disclose more information under the amendments in this proposed Update about the components of those expense captions than is disclosed in financial statements today. That incremental information should allow investors to better understand the components of an entity's expenses, make their own judgments about the entity's performance, and more accurately forecast expenses, which in turn should enable investors to better assess an entity's prospects for future cash flows. It also should provide contextual information for an entity's preparation and an investor's consideration of management's discussion and analysis of financial position and results of operations (MD&A).

The amendments in this proposed Update would require detailed disclosure, in the notes to financial statements, of specified categories underlying certain expense captions. The proposed amendments would require that an entity on an annual and interim basis:

1. Disclose the amounts of (a) inventory and manufacturing expense, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) included in each relevant expense caption. A relevant expense caption would be an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).

2. Disclose a further disaggregation of inventory and manufacturing expense (from 1 above) into the following categories of costs incurred: (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) DD&A. Costs incurred would include those that are either capitalized to inventory or, if not capitalized to inventory, directly expensed (expensed as incurred) during the current period. On an annual basis, an entity would disclose its definition of other manufacturing expenses.

3. Include certain amounts that are already required to be disclosed under existing GAAP in the same disclosure as the other disaggregation requirements.

4. Disclose a qualitative description of the amounts remaining in relevant expense captions or in inventory and manufacturing expenses that are not separately disaggregated quantitatively.

5. Disclose the total amount of selling expenses and, on an annual basis, an entity's definition of selling expenses.

Staff Review and Commentary:

Comment deadline was October 30, 2023

NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneI-Review of GAAP Exposures.docx

November 13, 2023

To: Dale Bruggeman (OH), Chair, Statutory Accounting Principles (E) Working Group
Kevin Clark, (IA), Vice Chair, Statutory Accounting Principles (E) Working Group

From: Rachel Hemphill (TX), Chair, Life Actuarial (A) Task Force,
Craig Chupp (VA), Vice Chair, Life Actuarial (A) Task Force

RE: Life Actuarial (A) Task Force Coordination with the Statutory Accounting Principles (E) Working Group 2023

The Statutory Accounting Principles (E) Working Group charges requires the Working Group to coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the Valuation Manual (VM)-A, Requirements, and VM-C, Actuarial Guidelines, as well as other VM requirements. This process will include the receipt of periodic reports on changes to the VM on items that require coordination. To facilitate the coordination, the Task Force will provide to the Working Group a memorandum of VM amendments, actuarial guidelines and valuation related NAIC model revisions prior to each NAIC National Meeting. This memorandum provides the Working Group updates to the publications since the 2022 NAIC Summer Meeting.

Valuation Manual – Attachment A to this memo includes a detailed listing of the amendments made to the VM since the 2022 NAIC Summer Meeting. The amendments were adopted by the Life Insurance and Annuities (A) Committee on August 15, 2023. The amendments were adopted by the Executive (EX) Committee and Plenary at the 2023 NAIC Summer Meeting.

Actuarial Guidelines – Since the 2022 NAIC Summer Meeting the Task Force has created or revised the actuarial guidelines created listed below:

Actuarial Guideline LIV (AG 54) – Nonforfeiture Requirements for Index-Linked Variable Annuity Products

- Life Insurance and Annuities (A) Committee adoption – Feb. 24, 2023
- Executive (EX) Committee and Plenary adoption – Mar. 25, 2023
- **AG 54 applies to all contracts issued on or after Jul. 1, 2024, and is included in the Mar. revisions to the APPM and will be included in the 2024 APPM.**

Revisions to Actuarial Guideline XLIX-A (AG 49-A) – Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest

- Life Insurance and Annuities (A) Committee adoption – Feb. 24, 2023
- Executive (EX) Committee and Plenary adoption – Mar. 25, 2023
- **The revisions to AG 49-A apply to all policies sold on or after May 1, 2023, and are included in the Mar. revisions to the APPM and will be included in the 2024 APPM.**

NAIC Models – The Task Force has not created or revised any models since the 2022 NAIC Summer Meeting

Attachment A

LATF VM Amendment	Valuation Manual Reference	Valuation Manual Amendment Proposal Descriptions	LATF Adoption Date
2022-06	VM-31 Section 3.D.5	This amendment adds in a VM-31 requirement to disclose the inflation assumption for Life PBR.	10/6/22
2022-07	VM-20 Section 3.C.1.g, VM-20 Section 6.B.5.d.	This amendment clarifies the intent and calculation of the mortality adjustments to the CSO table when anticipated mortality exceeds the prescribed CSO table. The current wording of Section 3.C.1.g has led to confusion by many and a lack of consistent interpretations.	1/26/23
2022-08	VM-21 Section 3.E, VM-31 Section 2.A, VM-G Section 1 and Section 4.A.3.	Clarify requirements on groups of contracts that use the Alternative Method/AG33 in VM-21 and are not subject to a principles-based valuation. Such contracts should not be subject to VM-G but still require a sub-report under VM-31.	1/26/23
2022-09	VM-21 and VM-31	This amendment includes a series of reporting requirement enhancements related to VM-21 and fixes some errors in the VM language.	3/2/23
2022-10	VM-20 Section 2.A.2, Section 3.B.5, and Section 3.B.6	The purpose of this amendment is to add language to address the possibility of policies in the ULSG Reserving Category having a non-material secondary guarantee, and thus becoming excluded from both DR and SR calculations if they pass both the DET and the SET.	2/23/23
2023-02	VM-21 4.D.1.a	This amendment adds disclosure requirements in VM-31 and clarifies language in the Annual Statement Instructions related to reporting in the VM-20 Reserves Supplement.	2/23/23
2023-03	VM-20 Section 7.E.2 and Guidance Note below, VM-21 Section 4.D.4.c, VM-20 Section 7.K.3, VM-31 Section 3.D.6.f, VM-20 Section 9.A.4	This amendment does the following: • Add a consideration on the assumed cost of borrowing in VM-20 and VM-21, • Clarification of VM-20 hedge modeling, and • Add additional considerations for risk factors other than interest and equities that are stochastically modeled.	3/21/23
2023-01	VM-21 4.D.1.a	The purpose of this amendment is to make the explanation of the starting asset amount consistent in VM-21 section 4.D.1.a.	3/21/23
2023-04	VM-31 Section 3.D.3.l.iv	Clarifies requirements where regulators were seeing an issue with PBR Actuarial Reports and inadequate support showing compliance with the requirement that “the company experience mortality rates shall not be lower than the mortality rates the company expects to emerge”.	4/20/23
2021-08	VM-51 Section 2.D.	Revisions to VM-51 to allow for the data experience reporting observation calendar year to be one year prior to the reporting calendar year.	5/11/23
2023-05	VM-01, VM-21 Section 4.A.4, VM-21 Section 9, VM-21 Section 9.C.2, VM-31 Section 3.F.8.d	Since the reforms of VM-21 and C3P2, ILVA products have experienced major market growth. Several carriers, with the agreement of regulators and auditors, have interpreted the current VM-21 guidance as permitting the effects of index credit hedging to be reflected in product cash flows instead of within the “best efforts” and “adjusted” scenarios. This amendment clarifies those requirements.	6/1/23

LATF VM Amendment	Valuation Manual Reference	Valuation Manual Amendment Proposal Descriptions	LATF Adoption Date
2023-07	VM-21 Section 6.A.1	The standard projection amount drafting group found that there is very little use of the Company-Specific Market Path (CSMP) method for the VM-21 standard projection amount. Therefore, the amendment removed the CSMP method from VM-21 starting in 2025, which gives time to transition for the few companies that currently employ the CSMP method.	6/1/23

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/SAPWG/AttOneJ-LATF-SAP Coordination Memo 2023.docx

Draft: 11/27/23

Blanks (E) Working Group
Virtual Meeting
November 7, 2023

The Blanks (E) Working Group of the Accounting Practices and Procedures (E) Task Force met Nov. 7, 2023. The following Working Group members participated: Pat Gosselin, Chair (NH); Kim Hudson, Vice Chair (CA); David Phifer (AK); Michael Shanahan (CT); N. Kevin Brown (DC); Adrienne Lupo (DE); Jane Nelson and Jason Reynolds (FL); Daniel Mathis (IA); Kristin Hynes and Jason Tippett (MI); Danielle Smith (MO); Lindsay Crawford (NE); David Wolf (NJ); Dale Bruggeman and Tracy Snow (OH); Diane Carter (OK); Shawn Frederick (TX); Jake Garn (UT); Steve Drutz (WA); Adrian Jaramillo (WI); and Mary Jo Lewis (WV).

1. Adopted its July 27 Minutes

Gosselin referenced the Working Group's July 27 minutes. During this meeting, the Working Group took the following action: 1) adopted its May 31 minutes; 2) deferred three proposals for an additional comment period; 3) re-exposed a proposal for a 75-day public comment period that ended Oct. 12; and 4) adopted its editorial listing.

Hudson made a motion, seconded by Shanahan, to adopt the Working Group's July 27 minutes (Attachment Two-A). The motion passed unanimously.

2. Re-Exposed Items

   A. Agenda Item 2023-05BWG

Sara Robben (NAIC) stated that there have been several group discussions between state insurance regulators, interested parties, and NAIC staff regarding changes to the cybersecurity supplement. This blanks proposal was intended to remove the references to identity theft from the data collection, which did not provide meaningful information to state insurance regulators. The proposal removes the references to claims-made and occurrence, as most cybersecurity policies have both in one policy. Originally, it was planned to eliminate the first-party and third-party breakdown, but after the state insurance regulators, interested parties, and NAIC staff discussed the issue, it was decided that the breakout should remain. Robben stated that there were interrogatories regarding tail policies that were deleted. The definitions and instructions were strengthened to be consistent with the definitions in other blanks.

Robben stated that during these group discussions, it was identified that the terminology might not be consistent with that of interested parties regarding stand-alone, packaged, excess, and endorsement. It was decided that using the term "primary" was more appropriate to reference stand-alone and packaged policies. Definitions were added for the three types: primary, excess, and endorsement. For Part 5, state insurance regulators indicated they want to see the breakout of stand-alone and packaged and not combined into "primary" as in the other parts of the supplement.

Drutz made a motion, seconded by Phifer, to re-expose the proposal for a 75-day public comment period ending Jan. 22, 2024, to receive additional comments on the modifications. The motion passed unanimously.

B. Agenda Item 2023-12BWG

Bruggeman stated that this blanks proposal proposes revisions to incorporate new reporting lines for the debt securities that do not qualify as bonds that correspond to the categories of such securities in line with the guidance proposed in *Statement of Statutory Accounting Principles (SSAP) No. 21R—Other Admitted Assets*.

Bruggeman stated that in addition to the proposed new reporting lines, this proposal also proposes other revisions to the Schedule BA reporting schedule to streamline and clarify the reporting components. These revisions included edits to combine the "non-registered private equity" section with the "joint venture, partnership, LLC" reporting lines, as both categories should be within *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*. Comments received from the initial exposure have mostly been incorporated within the proposal. However, interested parties have recommended keeping the "non-registered private equity" section separate from the "joint venture, partnership, LLC" reporting lines. Interested parties have met with NAIC staff to discuss these comments. For this exposure, it is proposed to continue with the combining of the sections, but it is noted that further assessment of interested parties' comments and a review of a particular investment will occur during the exposure period.

Bruggeman made a motion, seconded by Hudson, to re-expose the proposal with the suggested modifications for a 75-day public comment period ending Jan. 22, 2024. The motion passed unanimously.

3. Adopted Proposals

A. Agenda Item 2023-06BWG

Bruggeman stated that this blanks proposal pertains to the bond project and incorporates several revisions to expand the bond reporting schedule into two schedules: one for issuer credit obligations and one for asset-backed securities (ABS). Although the combined total from both schedules will be reflected as "bonds" on the balance sheet, several other corresponding revisions are proposed to ensure that the new schedules and terminology are reflected properly in the various financial statement schedules, exhibits, and notes. In addition to expanding the bond schedules, more granular reporting lines are proposed to identify the type of bond investment held. These additional reporting lines also impact other schedules and are reflected in the revisions.

Bruggeman stated that this is the second time these revisions have been exposed. NAIC staff have worked closely with interested parties to consider and incorporate changes. The majority of clarification edits proposed by interested parties have been captured within the proposal. Bruggeman stated that the collaboration with interested parties on this project is much appreciated. Bruggeman stated that adoption is preferred at this time to allow for preparation of the changes in advance of the Jan. 1, 2025, effective date.

Bruggeman made a motion, seconded by Wolf, to adopt the modifications to the proposal. The motion passed unanimously. Bruggeman made a motion, seconded by Hudson, to adopt the modified proposal (Attachment Two-B). The motion passed unanimously.

B. Agenda Item 2023-07BWG

Bruggeman stated that this blanks proposal proposes revisions to the investment schedules identified as part of the review completed under the bond project but does not reflect revisions driven specifically from the bond project. A key item is the removal of the legal entity identifier (LEI) reporting column for all investment schedules except for the derivatives schedule (Schedule DB). A recent revision also incorporates information on cumulative dividends for the preferred stock schedule.

Bruggeman stated that this is the second time this proposal has been exposed. NAIC staff have worked closely with interested parties to consider and incorporate changes. Bruggeman stated that adoption is preferred to allow preparation of the changes in advance of the Jan. 1, 2025, effective date.

Bruggeman made a motion, seconded by Wolf, to adopt the modifications to the proposal. The motion passed unanimously. Bruggeman made a motion, seconded by Wolf, to adopt the modified proposal (Attachment Two-C). The motion passed unanimously.

4. Withdrew Proposal

   A. Agenda Item 2023-09BWG

Bruggeman stated that this blanks proposal was intended to provide an annual statement note data link to feed into the updated life risk-based capital (RBC) C-2 mortality factors. The Statutory Accounting Principles (E) Working Group previously put the related Form A on hold to allow time to address interested parties' comments that the initial exposure had duplications and the recommendation that the information would be better placed somewhere other than a note. At this time, the Statutory Accounting Principles (E) Working Group would like to withdraw this proposal. It will be replaced by 2023-15BWG, which was developed with input from interested parties and the NAIC life risk-based capital staff to include the information in a general interrogatory.

Bruggeman withdrew this proposal.

5. Exposed New Items

   A. Agenda Item 2023-13BWG

Bruggeman stated that this blanks proposal proposes data-captured notes as well as a general interrogatory to capture the interest maintenance reserve (IMR) disclosures and the reporting entity attestation as required with the adopted *Interpretation (INT) 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* that permits admittance of 10% of net negative IMR. He stated that the disclosures and attestation detailed in INT 23-01 are currently required for any netting of admitted net negative IMR and would be completed in narrative notes. This blanks proposal only proposes to data-capture the disclosures and incorporate a specific general interrogatory for the company attestation.

Hearing no objection, Gosselin stated that the proposal would be considered exposed for a 75-day public comment period ending Jan. 22, 2024.

   B. Agenda Item 2023-14BWG

Drutz stated that this proposal changes the health test language and the references in the related general interrogatories for clarification. The intent is to pull data elements uniformly into the health test calculation where possible.

Hearing no objection, Gosselin stated that the proposal would be considered exposed for a 75-day public comment period ending Jan. 22, 2024.

C. Agenda Item 2023-15BWG

Bruggeman stated that proposal 2023-15BWG replaces 2023-09BWG, which was previously withdrawn. Proposal 2023-15BWG was developed with input from interested parties and NAIC staff supporting the Life Risk-Based Capital (E) Working Group, Blanks (E) Working Group, and Statutory Accounting Principles (E) Working Group. The intent is to have the information in a general interrogatory that will provide an annual statement link for data used in the updated life RBC C-2 mortality factors.

Hearing no objection, Gosselin stated that the proposal would be considered exposed for a 75-day public comment period ending Jan. 22, 2024.

6. Received Memorandums from the Statutory Accounting Principles (E) Working Group

A. Statutory Accounting Principles (E) Working Group INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve (IMR)

Bruggeman stated that this memorandum corresponds to the adopted INT on net negative IMR to be explicit that the disclosures and company attestation required in the INT are required beginning with third-quarter financials if companies admit IMR under the INT. As noted in the 2023-13BWG discussion, a blanks proposal has been exposed to incorporate data-captured disclosures for these requirements.

Bruggeman made a motion, seconded by Wolf, to receive the memorandum (Attachment Two-D). The motion passed unanimously.

B. Statutory Accounting Principles (E) Working Group Year-End Updates

Bruggeman stated that the purpose of this memorandum is for the Statutory Accounting Principles (E) Working Group to notify the Blanks (E) Working Group of adopted revisions to the financial statement notes and annual statement instructions, as they do not require approval from the Blanks (E) Working Group.

Bruggeman recommended that this memorandum detailing changes to existing reporting instructions and 2023 disclosure requirements be posted to the NAIC website. This is consistent with the *Accounting Practices and Procedures Manual's* (AP&P Manual's) *NAIC Policy Statement on Coordination of the Accounting Practices and Procedures Manual and the Annual Statement Blank*. Excerpts are included on the pages attached to the memorandum; however, the interpretations and agenda items in their entirety can be found on the Statutory Accounting Principles (E) Working Group web page under the documents tab. The adoptions include: 1) Ref #2023-13: PIK Interest Disclosure Clarification; 2) *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective third quarter 2023 only); 3) Ref #2023-04: *INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective year-end 2023 reporting and thereafter); 4) Ref #2023-12: Residuals in SSAP No. 48 Investments; and 5) Ref #2023-21: Removal of Transition Guidance from SSAP No. 92 and SSAP No. 102.

Bruggeman made a motion, seconded by Hynes, to receive the memorandum (Attachment Two-E). The motion passed unanimously.

7. Adopted the Editorial Listing

Hudson made a motion, seconded by Snow, to adopt the editorial listing (Attachment Two-F). The motion passed unanimously.

8. Reviewed the Blanks (E) Working Group Charges

Gosselin stated that as part of the year-end process, the Working Group should review its 2024 charges, which have not changed from the previous year. No questions or concerns were raised by Working Group members, state insurance regulators, or interested parties; therefore, Gosselin stated that no action was needed by the Working Group as these are assigned by the Financial Condition (E) Committee.

9. Reviewed the State Filing Checklists

Gosselin indicated that the state filing checklists are included in the meeting materials. One of the Blanks (E) Working Group charges is to monitor the state filing checklists to maintain current filing requirements. Working Group members, state insurance regulators, or interested parties raised no questions or concerns.

Hudson made a motion, seconded by Shanahan, to approve the state filing checklists (Attachment Two-G). The motion passed unanimously.

Having no further business, the Blanks (E) Working Group adjourned.

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Draft: 8/3/23

Blanks (E) Working Group
Virtual Meeting
July 27, 2023

The Blanks (E) Working Group of the Accounting Practices and Procedures (E) Task Force met July 27, 2023. The following Working Group members participated: Pat Gosselin, Chair (NH); Kim Hudson, Vice Chair (CA); David Phifer (AK); William Arfanis (CT); N. Kevin Brown (DC); Tom Hudson (DE); Jason Reynolds (FL); Daniel Mathis (IA); Kristin Hynes (MI); Debbie Doggett (MO); Lindsay Crawford (NE); John Sirovetz (NJ); Dale Bruggeman and Tracy Snow (OH); Diane Carter (OK); Diana Sherman (PA); Shawn Frederick (TX); Jake Garn (UT); Nicole Bisping (WA); Mary Jo Lewis (WI); and Michael Erdman (WV).

1. Adopted its May 31 Minutes

Gosselin referenced the Working Group's May 31 minutes. Snow made a motion, seconded by Crawford, to adopt the Working Group's May 31 minutes (*See NAIC Proceedings – 2023 Summer, Accounting Practices and Procedures (E) Task Force, Attachment Two-A*). The motion passed unanimously.

2. Re-Exposed a Proposal

   a. Agenda Item 2023-06BWG

Bruggeman stated that this proposal pertains to the Statutory Accounting Principles (E) Working Group bond project. The proposal details the necessary revisions to: 1) split Schedule D into two separate schedules – Schedule D-1-1 for issuer credit obligations and Schedule D-1-2 for Asset-Backed Securities; 2) incorporate more granular reporting lines for those investments; 3) revise those reporting schedules (columns and instructions) for improved investment information; and 4) incorporate corresponding revisions throughout the entire blank to reflect the revised reporting lines and to update references to the new schedules. With the significant revisions being incorporated, industry provided several comments, most of which were editorial and minor in nature, to improve clarity for reporting purposes. Bruggeman said that industry's dedicated efforts to review these changes in detail are much appreciated, as industry and the Working Group are all working collectively to ensure that the process to transition to the new bond definition, and the revised reporting structure, is as smooth as possible.

Bruggeman made a motion, seconded by Doggett, to re-expose the proposal with the edits for a 75-day public comment period ending Oct. 12. The motion passed unanimously.

3. Deferred Items

   a. Agenda Item 2023-05BWG

Sara Robben (NAIC) stated that this proposal was intended to: 1) make changes to the cybersecurity supplement to remove the references to identity theft from the general instructions; 2) combine the claims-made and occurrence to only have the total number of policies in force; and 3) eliminate the first-party and third-party breakdown. Robben stated that during discussions with interested parties, it was decided that additional work was needed to clarify some of the definitions and the reporting. Robben asked for the proposal to be deferred one additional time.

Hudson made a motion, seconded by Phifer, to defer the proposal to allow for further discussion for a 75-day public comment period ending Oct. 12. The motion passed unanimously.

b. Agenda Item 2023-07BWG

Bruggeman stated that this proposal details investment reporting changes that were identified with the review completed for the bond proposal. Although these revisions are not specific to the bond changes, as the changes are affecting the investment schedules, it would be cleaner if the items in this proposal were on the same timeline. Key elements within this proposal include revising the instructions for the "Code Column" to be strictly "Restricted Asset Code" consistently across the schedules, incorporating revisions for an "Investment Characteristic Column," and then deleting the "LEI Column" for all schedules except for Schedule DB – Derivatives.

Bruggeman made a motion, seconded by Hudson, to defer the proposal to coincide with the 2023-06BWG timeline for a 75-day public comment period ending Oct. 12. The motion passed unanimously.

c. Agenda Item 2023-09BWG

Bruggeman stated that the Statutory Accounting Principles (E) Working Group requested deferral of this proposal in May. The comments regarding redundancy and a request for placement in a different location other than the notes were referred to the Life Risk-Based Capital (E) Working Group. NAIC staff have met with industry, and additional work still needs to be done on this proposal. This delay will necessitate a later effective date of at least 2024. NAIC support staff for the Life Risk-Based Capital (E) Working Group have indicated that the updates to the C-2 mortality charges can still go through for 2023 without this proposal.

Bruggeman made a motion, seconded by Hudson, to defer the proposal to allow for further discussion for a 75-day public comment period ending Oct. 12. The motion passed unanimously.

4. Adopted the Editorial Listing

Hudson made a motion, seconded by Snow, to adopt the editorial listing (*See NAIC Proceedings – 2023 Summer, Accounting Practices and Procedures (E) Task Force, Attachment Two-B*). The motion passed unanimously.

Having no further business, the Blanks (E) Working Group adjourned.

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NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 02/06/2023	**FOR NAIC USE ONLY** Agenda Item # 2023-06BWG MOD Year 2025 Changes to Existing Reporting [X] New Reporting Requirement [ ]
CONTACT PERSON: **TELEPHONE:** **EMAIL ADDRESS:** **ON BEHALF OF:**	**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT** No Impact [ ] Modifies Required Disclosure [X]
NAME: Dale Bruggeman **TITLE:** Chair SAPWG **AFFILIATION:** Ohio Department of Insurance	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] ****If Yes, complete question below****
ADDRESS: 50W. Town St., 3rd FL., Ste. 300 Columbus, OH 43215	**DISPOSITION** [ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [ ] Received For Public Comment [X] Adopted Date 11/07/2023 [ ] Rejected Date [ ] Deferred Date [ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES

[X] **ANNUAL STATEMENT**	[X] **INSTRUCTIONS**	[X] **CROSSCHECKS**
[X] **QUARTERLY STATEMENT**	[X] **BLANK**	
[X] Life, Accident & Health/Fraternal	[X] Separate Accounts	[X] Title
[X] Property/Casualty	[ ] Protected Cell	[ ] Other
[X] Health	[ ] Health (Life Supplement)	

Anticipated Effective Date: 1st Quarter 2025

IDENTIFICATION OF ITEM(S) TO CHANGE

Split the Schedule D, Part 1 into two sections. One for Issuer Credit Obligations and the other for Asset-Backed Securities (ABS). Update the other parts of the Annual Statement that reference the revised bond categories.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

This proposal updates the bond categories per the Statutory Accounting Principles Working Group's bond project.

*****IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL*****

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:

Other Comments:

** **This section must be completed on all forms.** **Revised 11/17/2022**

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

INVESTMENT SCHEDULES GENERAL INSTRUCTIONS
(Applies to all investment schedules)

The following definitions apply to the investment schedules.

SAP Book Value (Defined in Glossary of *Accounting Practices and Procedures Manual*):

Original Cost, including capitalized acquisition costs and accumulated depreciation, unamortized premium and discount, deferred origination and commitment fees, direct write-downs, and increase/decrease by adjustment.

SAP Carrying Value (Defined in Glossary of *Accounting Practices and Procedures Manual)*:

The SAP Book Value plus accrued interest and reduced by any valuation allowance (IF APPLICABLE) and any nonadmitted adjustment applied to the individual investment. Carrying Value is used in the determination of impairment.

Adjusted Carrying Value:

Carrying Value amount adjusted to remove any accrued interest and to add back any of the following amounts: individual nonadmitted amounts, individual valuation allowances (IF APPLICABLE), and aggregate valuation allowance (IF APPLICABLE). In effect, this is equivalent to the definition of SAP Book Value (not to be confused with the old "Book Value" reported in the annual statement blanks for data years 2000 and prior).

Recorded Investment:

The SAP Book Value (Adjusted Carrying Value) plus accrued interest.

The information included in the investment schedules shall be broken down to the level of detail as required when all columns and rows are considered together unless otherwise addressed in specific instructions. For example, on Schedule D Part 4, a reporting entity is required to list the CUSIP book/adjusted carrying value, among other things. The reporting entity would only be required to break this information down to a lower level of detail if the information was inaccurate if reported in the aggregate. Thus, the reporting entity would not be required to break the information down by lot (information for each individual purchase) and could utilize the information for book/adjusted carrying value using an average cost basis, or some other method, provided the underlying data reported in that cell was calculated in accordance with the *Accounting Practices and Procedures Manual*. However, reporting entities are not precluded from reporting the information at a more detailed level (by lot) if not opposed by their domiciliary commissioner.

"To Be Announced" securities (commonly referred to as TBAs) are to be reported in Schedule D unless the structure of the security more closely resembles a derivative, as defined within *SSAP No. 86—Derivatives*, in which case the security should be reported on Schedule DB. The exact placement of TBAs in the investment schedules depends upon how a company uses TBA. (For example, if a reporting entity was to acquire a TBA with the intent to take possession of a Schedule D, Part 1, Section 2 qualifying mortgage-backed security, the TBA shall be reported on the Schedule D, Part 1, Section 2 at acquisition. If a reporting entity was to acquire a TBA, with the intent to roll the TBA, this acquisition is more characteristic of a forward derivative and shall be captured on Schedule DB.)

Detail Eliminated to Conserve Space

For the columns that disclose information regarding investments that are not under the exclusive control of the reporting entity, and also including assets loaned to others, the following restricted asset codes should be used:

LS	–	Loaned or leased to others
RA	–	Subject to repurchase agreement
RR	–	Subject to reverse repurchase agreement
DR	–	Subject to dollar repurchase agreement
DRR	–	Subject to dollar reverse repurchase agreement
C	–	Pledged as collateral – excluding collateral pledged to FHLB
CF	–	Pledged as collateral to FHLB (including assets backing funding agreements)
DB	–	Pledged under an option agreement
DBP	–	Pledged under an option agreement involving "asset transfers with put options"
R	–	Letter stock or otherwise restricted as to sale – excluding FHLB capital stock (Note: Private placements are not to be included unless specific restrictions as to sale are included as part of the security agreement.)
RF	–	FHLB capital stock
SD	–	Pledged on deposit with state or other regulatory body
M	–	Not under the exclusive control of the reporting entity for multiple reasons
SS	–	Short sale of a security
O	–	Other

The following is the description of the ~~General and Specific Classifications used for reporting the~~ detailed lines for bonds and stocks.

~~General Classifications~~ Categories for ~~Bonds~~ Schedule D, Part 1 Only:

To be eligible for reporting on Schedule D, Part 1, investments shall qualify under the bond definition detailed within *SSAP No. 26R—Bonds* and *SSAP No. 43R—Asset-Backed Securities* or are otherwise named in scope within those statements.

Refer to *SSAP No. 26R—Bonds, SSAP No. 43R—~~Loan-Backed and Structured~~Asset-Backed* Securities and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* for additional guidance and defined terms.

Issuer Credit Obligations – Investments that qualify for reporting on Schedule D, Part 1, Section 1 in scope of SSAP No. 26R - Bonds:

U.S. Government Obligations (Exempt from RBC):

~~U.S. Government shall be defined as~~ U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* includes direct claims (including securities, loans and leases) on, and the portions of claims that are directly and unconditionally issued, guaranteed or insured by the U.S. Government or its agencies. U.S Government obligations captured within this category include obligations issued by U.S. Government agencies that are fully guaranteed or insured as to the timely payment of principal and interest by the full faith and credit of the U.S. Government.

~~All~~ Other U.S. Government~~s~~ ~~Securities~~Obligations (Not Exempt from RBC):

~~Securities~~Bonds issued by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government.

This category includes ~~securities~~bonds issued from agencies that are not backed by the full faith and credit of the U.S. Government but have a filing exemption detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* based on analytical judgement.

Non-U.S. Sovereign Jurisdiction Securities

This includes bonds ~~investments~~ issued by non-U.S. sovereign governments, including bonds of political subdivisions and special revenue. This also includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

~~U.S. States, Territories and Possessions~~Municipal Bonds – General Obligation (Direct and Guaranteed):

Include ~~securities~~bonds issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects that are not secured by specific assets, but are backed by the "full faith and credit" (taxing power) of the issuer. ~~General obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities. NAIC membership is composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Marianna Islands, Puerto Rico, and the U.S. Virgin Islands.~~

Municipal Bonds – Special Revenue

Include ~~securities~~bonds issued by states, cities, counties, and other governmental entities to finance projects not backed by the taxing power of the issuer, but by revenues from the specific project or source (e.g., highway tolls). Also include other municipal ~~securities~~bonds that do not qualify as general obligation (e.g., pre-refunded bonds and insured bonds).

Project Finance Bonds Issued by Operating Entities

Include non-municipal ~~securities~~bonds issued by an operating entity as defined in *SSAP No. 26R – Bonds*, that finances a single asset or operation (such as a toll road or power generation facility). For these investments, the asset or operation collateralizes the issuance and the cash flows produced satisfy the debt payments. The use of a bankruptcy remote entity (e.g., Special Purpose Vehicle) does not preclude reporting in this category when the entity is determined to represent an operating entity and the primary purpose of the debt issuance is to finance a specific operating project for the operating entity.

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed):~~

~~General obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.~~

~~U.S. Special Revenue and Special Assessment Obligations and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions:~~

~~Those U.S. government issues not listed as "Securities That Are Considered "Exempt Obligations" For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation" in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, yet included as "Filing Exemptions for Other U.S. Government Obligations". This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds. Also include mortgage reference securities that are within the scope of *SSAP No. 43R—Loan-Backed and Structured Securities*.~~

~~Industrial and Miscellaneous (Unaffiliated):~~Corporate Bonds:

~~This category includes all non-governmental issues that do not qualify for some other category in Schedule D, Part 1, including privatized (non-government ownership) utility companies. Include Public Utilities.~~Issuer credit obligation issued by a company to raise capital and support company operations. Include convertible bonds, but not mandatory convertible bonds which are included in a separate category.

Mandatory Convertible Bonds

A type of convertible bond that has a required conversion or redemption feature. Either on or before a contractual conversion date, the holder must convert the mandatory convertible into underlying common stock.

Single Entity Backed Obligations

~~Investments~~Bonds for which repayment is fully supported by an underlying contractual obligation of a single operating entity. This does not include corporate bonds or project finance structures. Examples of structures that could qualify for reporting within this category, if payment is fully supported by a single operating entity, include but are not limited to, equipment trust certificates, enhanced equipment trust certificates, single-tenant lease-backed securities and funding agreement backed notes. Repayment is considered fully supported by the underlying operating entity if the structure in place at origination provides cash flows to satisfy all interest and at least 95% of the principal of the security. (For example, a 5-year lease-backed security that has all cash flows for interest and principal repayment generated from one existing tenant who is under a matching 5-year lease term on the building qualifies for reporting as a single entity backed obligation.)

SVO-~~-~~Identified Bond Exchange Traded Funds – Fair Value:

~~This category includes all~~Include SVO-Identified Bond Exchange Traded Funds included on the “List of Exchange Traded Funds Eligible for Reporting as a Schedule D Bond (the ETF Bond List)” as found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*) that do not qualify for, or for which the reporting entity has elected not to report, at systematic value.

SVO-Identified Bond Exchange Traded Funds – Systematic Value:

Include SVO-Identified Bond Exchange Traded Funds included on the “List of Exchange Traded Funds Eligible for Reporting as a Schedule D Bond (the ETF Bond List)” as found on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*) that qualify for, and that the reporting entity has elected to report, at systematic value. Use of systematic value is an irrevocable election as long as the qualifying investment is held by the reporting entity and qualifies for systematic value within the parameters of SSAP No. 26R.

Bonds Issued From SEC-Registered Business Development Corps, Closed-End Funds & REITs

Bonds issued by SEC-registered business development corporates, closed-end funds or similar operating entities registered under the 1940 Act.

Bank Loans - Issued

Fixed-income instruments, representing indebtedness of a borrower, made by a financial institution. Bank loans in this category shall be obligations of operating entities acquired directly at issuance by a reporting entity.

Bank Loans - Acquired

Fixed-income instruments, representing indebtedness of a borrower, made by a financial institution. Bank loans in this category shall be obligations of operating entities acquired through an assignment, participation or syndication.
~~See *SSAP No. 26R—Bonds* for guidance.~~

Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans

Mortgage loans, in scope of *SSAP No. 37—Mortgage Loans*, that have been filed with the SVO and included on the SVO-Identified Credit Tenant Loan listing. Investments in the form of security structures shall not be captured on this reporting line. Security structures supported by a credit tenant lease shall be reported as single entity backed obligations (if qualifying) or captured in the appropriate reporting line for Asset-Backed Securities.

Certificates of Deposit

Certificates of deposit that have a fixed schedule of payments and a maturity date in excess of one year from the date of acquisition.

Other Issuer Credit Obligations

Report investment structures that qualify as issuer credit obligations pursuant to *SSAP No. 26R - Bonds* that do not fit within a specific reporting line. (Specific reporting lines shall be utilized when applicable.) Debt instruments in a certified capital company (CAPCO) permitted under SSAP No. 26R shall also be captured within this category.

~~Hybrid Securities:~~

~~Securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or which are recognized as regulatory capital by the issuer's primary regulatory authority. Hybrid securities are designed with characteristics of debt and of equity and are intended to provide protection to the issuer's senior note holders. Hybrid securities products are sometimes referred to as capital securities. Examples of hybrid securities include Trust Preferreds, Yankee Tier 1s (with and without coupon step-ups) and debt-equity hybrids (with and without mandatory triggers).~~

~~This specifically excludes surplus notes, which are reported in Schedule BA; subordinated debt issues, which have no coupon deferral features; and "Traditional" preferred stocks, which are reported in Schedule D, Part 2, Section 1. With respect to preferred stock, traditional preferred stocks include, but are not limited to a) U.S. issuers that do not allow tax deductibility for dividends; and b) those issued as preferred stock of the entity or an operating subsidiary, not through a trust or a special purpose vehicle.~~

~~Parent, Subsidiaries and Affiliates~~Affiliated Reporting Lines:

Each reporting category, other than those specific to Government Jurisdictions, and SVO-Identified Bond ETFs~~, and Certificates of Deposit~~, shall have affiliated investments separately reported within the affiliate reporting line. The definition of affiliates is pursuant to ~~Defined by~~ *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Asset-Backed Securities – Investments that qualify for Schedule D, Part 1, Section 2 pursuant to SSAP No. 43R:

Financial Asset-Backed Securities - Self-Liquidating – A self-liquidating security is a design where the terms of the underlying collateral has contractual principal and interest that results with a conversion into cash over a period of time (e.g., receivables or other such assets). (For example, a mortgage loan backing a mortgage-backed security, where the loan balance is reduced as payments are made and is ultimately fully paid off by the borrower, or a collateralized loan obligation (CLO) backed by bank loans that is reduced as the loan is paid off.) A financial asset is defined within *SSAP No. 103R – Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* as cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right (a) to receive cash or another financial instrument from a second entity or (b) to exchange other financial instruments on potentially favorable terms with the second entity. As a point of clarity, for the purposes of the bond definition and reporting on Schedule D, Part 1, financial assets do not include assets for which the realization of the benefits conveyed by the above rights depends on the completion of a performance obligation (e.g., leases, mortgage servicing rights, royalty rights, etc.). These assets represent non-financial assets, or a means through which non-financial assets produce cash flows, until the performance obligation has been satisfied.

Agency Residential Mortgage-Backed Securities – Fully Guaranteed (Exempt from RBC)

Include 'agency' residential mortgage-backed securities where the mortgages or bonds are guaranteed (i.e., they are backed by the full faith and credit of the U.S. Government) as to principal and interest by federal and federally sponsored agencies such as the Government National Mortgage Association (GNMA).~~, Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).~~ Also include loans guaranteed by the U.S. Department of Veteran Affairs or the U.S. Department of Agriculture's Rural Development Housing and Community Facilities Programs. Government Sponsored Mortgage Referenced Securities shall not be captured within this category.

Agency Commercial Mortgage-Backed Securities – Fully Guaranteed (Exempt from RBC)

Include 'agency' commercial mortgage-backed securities where the mortgages or bonds are guaranteed (i.e., they are backed by the full faith and credit of the U.S. Government) as to principal and interest by federal and federally sponsored agencies such as the Government National Mortgage Association (GNMA).~~, Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).~~ Also include loans guaranteed by the U.S. Department of Veteran Affairs or the U.S. Department of Agriculture's Rural Development Housing and Community Facilities Programs. Government Sponsored Mortgage Referenced Securities shall not be captured within this category.

Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)

Include residential mortgage-backed securities issued by an agency that is not or partially guaranteed (i.e., they are not backed by the full faith and credit of the U.S. Government) as to principal and interest by federal or federally sponsored agencies such as Federal National Mortgage Association (FNMA) or Federal home Loan Mortgage Corporation (FHLMC). This category shall include mortgage-referenced securities issued by a government-sponsored enterprise (e.g., ~~Fannie Mae or Freddie Mac~~FNMA or FHLMC) in the form of a credit-risk-transfer in which the security is tied to a pool of residential mortgages. These items reflect instruments in which the payments received are linked to the credit and principal payment risk of the underlying mortgage loan borrowers captured in the referenced pool of mortgages. For these instruments, the holder may not receive a return of their full principal as repayment is contingent on repayment by the mortgage loan borrowers in the referenced pool of mortgages.

Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)

Include commercial mortgage-backed securities issued by an agency that is not or partially guaranteed (i.e., they are not backed by the full faith and credit of the U.S. Government) as to principal and interest by federal or federally sponsored agencies such as Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC). This category shall include mortgage-referenced securities issued by a government-sponsored enterprise (e.g., ~~Fannie Mae or Freddie Mac~~FNMA or FHLMC) in the form of a credit-risk-transfer in which the security is tied to a pool of commercial mortgages. These items reflect instruments in which the payments received are linked to the credit and principal payment risk of the underlying mortgage loan borrowers captured in the referenced pool of mortgages. For these instruments, the holder may not receive a return of their full principal as repayment is contingent on repayment by the mortgage loan borrowers in the referenced pool of mortgages.

Non-Agency Residential Mortgage-Backed Securities

Include residential mortgage-backed securities not issued by a government agency.

Non-Agency Commercial Mortgage-Backed Securities

Include commercial mortgage-backed securities not issued by a government agency.

Non-Agency – CLOs/CBOs/CDOs

Include self-liquidating collateralized loan obligations (CLO), collateralized bond obligations (CBO) and collateralized debt obligations (CDO). In general, this category includes pools of assets whose cash flows are divided into 2 or more tranches. This also includes any other significant leverage inside the deal, for example, in the form of off-market swaps or repo. The underlying collateral in this category consists of corporate or structured credit, cash or synthetic. This category does not include single name underlying collateral. Lastly, the repayment of the securities issued by CLOs/CBOs/CDOs depend primarily on the default and recovery of the underlying collateral and not on their market value.

Other Financial Asset-Backed Securities – Self-Liquidating

Include self-liquidating financial asset-backed securities not issued by a government agency that are not backed by commercial or residential mortgage loans and that are not considered CLOs/CBOs/CDOs.

Financial Asset-Backed Securities – Not Self-Liquidating – Include all financial asset-backed securities where the structure does not represent a design where the terms of the underlying collateral has contractual principal and interest that results with a conversion into cash over a period of time (e.g., receivables or other such assets)

Equity-Backed Securities

Include structures where the financial assets backing the structure reflect equity. These securities must overcome the rebuttable presumption that equity-like structures do not inherently possess the characteristics to be reported on Schedule D, Part 1 and have appropriate reporting entity documentation supporting a conclusion that the underlying equity interests lend themselves to the production of predictable cash flows and the underlying equity risks have been sufficiently redistributed through the capital structure of the issuer. This category should include securitized collateralized fund obligations (CFOs) and other such structures, that qualify within Schedule D, Part 1. (Securitized equity-backed structures, including CFO structures, that do not qualify for Schedule D, Part 1 reporting shall be captured on Schedule BA.)

Other Financial Asset-Backed – Not Self-Liquidating

Include non-self-liquidating financial asset-backed securities that are not backed by equity.

Non-Financial Asset-Backed Securities (Practical Expedient) – A non-financial asset-backed security is defined as a bond backed by assets that are expected to generate a meaningful level of cash flows toward repayment of the bond through use, licensing, leasing, servicing or management fees, or other similar cash flow generation. For the avoidance of doubt, there must be a meaningful level of cash flows to service the debt, other than through the sale or refinancing of the assets. Pursuant to *SSAP No. 43R—Asset-Backed Securities*, a practical expedient may be utilized, which is defined as if less than 50% of the original principal relies on the sale or refinancing of the underlying assets, the meaningful criteria is considered to be met. In applying this practical expedient, only contractual cash flows of the non-financial asset may be considered.

Lease-Backed Transactions (Practical Expedient)

Include structures where the generation of cash flows to use towards repayment of the asset-backed security are predominantly driven from underlying lease transactions.

Other Non-Financial Asset-Backed Securities (Practical Expedient)

Include structures where the generation of cash flows to use towards repayment of the asset-backed security are predominantly driven from underlying cash flow streams that do not predominantly reflect lease arrangements.

Non-Financial Asset-Backed Securities (Full Analysis) – Include non-financial asset-backed securities that qualify for reporting on Schedule D, Part 1 pursuant to *SSAP No. 43R—Asset-Backed Securities*, but that do not qualify within the practical expedient for meaningful cash flows.

Lease-Backed Transactions (Full Analysis)

Include structures where the generation of cash flows to use towards repayment of the asset-backed security are predominantly driven from underlying lease transactions.

Other Non-Financial Asset-Backed Securities (Full Analysis)

Include structures where the generation of cash flows to use towards repayment of the asset-backed security are predominantly driven from underlying cash flow streams that do not predominantly reflect lease arrangements.

Affiliated Reporting Lines:

Each reporting category, other than those specific to government agency issuances, shall have affiliated investments separately reported within the affiliate reporting line. The definition of affiliates is pursuant to *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

SCHEDULE D – PART 1 – SECTION 1

LONG-TERM BONDS – ISSUER CREDIT OBLIGATIONS OWNED DECEMBER 31 OF CURRENT YEAR

Only investments that qualify in scope of *SSAP 26R – Bonds* are permitted to be reported on this schedule. Bonds are to be grouped as listed below and each category arranged alphabetically. ~~(securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required **categories or subcategories described in the Investment Schedules General Instructions**, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Issuer Credit Obligations	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct & Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999

SVO-Identified Bond Exchange Traded Funds – Systematic Value 0159999999
Bonds Issued from SEC-Registered Business Development Corps,
Closed End Funds & REITS (Unaffiliated) 0169999999
Bonds Issued from SEC-Registered Business Development Corps,
Closed End Funds & REITS (Affiliated) 0179999999
Bank Loans – Issued (Unaffiliated) 0189999999
Bank Loans – Issued (Affiliated) 0199999999
Bank Loans – Acquired (Unaffiliated) 0209999999
Bank Loans – Acquired (Affiliated) 0219999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated) 0229999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated) 0239999999
Certificates of Deposit (Unaffiliated) 0249999999
Certificates of Deposit (Affiliated) 0259999999
Other Issuer Credit Obligations (Unaffiliated) .... ~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated) .... ~~0269999999~~0279999999

Total – Issuer Credit Obligations (Unaffiliated) 0489999999
(Sum of Lines: 0019999999, 0029999999, 0039999999, 0049999999, 0059999999, 0069999999, 0089999999, 0109999999, 0129999999, 0149999999, 0159999999, 0169999999, 0189999999, 0209999999, 0229999999, 0249999999, and 0269999999)
Total – Issuer Credit Obligations (Affiliated) 0499999999
(Sum of Lines: 0079999999, 0099999999, 0119999999, 0139999999, 0179999999, 0199999999, 0219999999, 0239999999, 0259999999, and 0279999999)
Total – Total Issuer Credit Obligations 0509999999

~~Bonds:~~

~~U.S. Governments~~
~~Issuer Obligations .... 0019999999~~
~~Residential Mortgage-Backed Securities .... 0029999999~~
~~Commercial Mortgage-Backed Securities .... 0039999999~~
~~Other Loan-Backed and Structured Securities .... 0049999999~~
~~Subtotals – U.S. Governments .... 0109999999~~

~~All Other Governments~~
~~Issuer Obligations .... 0219999999~~
~~Residential Mortgage-Backed Securities .... 0229999999~~
~~Commercial Mortgage-Backed Securities .... 0239999999~~
~~Other Loan-Backed and Structured Securities .... 0249999999~~
~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~
~~Issuer Obligations .... 0419999999~~
~~Residential Mortgage-Backed Securities .... 0429999999~~
~~Commercial Mortgage-Backed Securities .... 0439999999~~
~~Other Loan-Backed and Structured Securities .... 0449999999~~
~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~
~~Issuer Obligations .... 0619999999~~
~~Residential Mortgage-Backed Securities .... 0629999999~~
~~Commercial Mortgage-Backed Securities .... 0639999999~~
~~Other Loan-Backed and Structured Securities .... 0649999999~~
~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed~~

~~Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Issuer Obligations .... 0819999999~~
~~Residential Mortgage-Backed Securities .... 0829999999~~
~~Commercial Mortgage-Backed Securities .... 0839999999~~
~~Other Loan-Backed and Structured Securities .... 0849999999~~
~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Issuer Obligations .... 1019999999~~
~~Residential Mortgage-Backed Securities .... 1029999999~~
~~Commercial Mortgage-Backed Securities .... 1039999999~~
~~Other Loan-Backed and Structured Securities .... 1049999999~~
~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations .... 1219999999~~
~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial Mortgage-Backed Securities .... 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~
~~Subtotals – Hybrid Securities .... 1309999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Issuer Obligations .... 1419999999~~
~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities .... 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~
~~Affiliated Bank Loans – Issued .... 1459999999~~
~~Affiliated Bank Loans – Acquired .... 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates .... 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO .... 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued .... 1819999999~~
~~Unaffiliated Bank Loans – Acquired .... 1829999999~~
~~Subtotals – Unaffiliated Bank Loans .... 1909999999~~

~~Unaffiliated Certificates of Deposit .... 2019999999~~

~~Total Bonds~~

~~Subtotals – Issuer Obligations .... 2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities .... 2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities .... 2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities .... 2449999999~~
~~Subtotals – SVO Identified Funds .... 2459999999~~
~~Subtotals – Affiliated Bank Loans .... 2469999999~~
~~Subtotals – Unaffiliated Bank Loans .... 2479999999~~
~~Subtotals – Unaffiliated Certificates of Deposit .... 2489999999~~
~~Subtotals – Total Bonds .... 2509999999~~

List all ~~bonds and certificates of deposit~~securities in scope of *SSAP No. 26R – Bonds* in Schedule D, Part 1, Section 1 owned December 31, of current year, except securities in scope of SSAP No. 26R ~~bonds and certificates of deposit in banks or other similar financial institutions with maturity dates or repurchase dates under repurchase agreements of one year or less from the acquisition date. Exclude cash equivalents as described in~~ that qualify as cash equivalents or short-term investments pursuant to *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* ~~with original maturities of three months or less~~.

The security identifier reported (Column 1 for CUSIP, CINS, PPN~~n~~ or Column ~~33~~ 35 for ISIN) must be the same as the identifier used when filing securities with the NAIC pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* instructions.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column ~~33~~35.

Column 2 – Description

Give a description of all bonds ~~investments~~ owned. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column ~~31~~33, Issuer and Column ~~32~~34, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO-Identified Bond Exchange Traded Funds~~ – as Identified by the SVO~~, enter the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year~~complete name of the fund~~. ETFs not included on the NAIC list as of December 31 of the current year are required to be reported on Schedule D, Part 2, Section 2.~~As appropriate, the reporting entity is encouraged to include data consistent with that reported.~~

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name ~~of the name~~ of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

Column 3 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "&" in this column for TBA (To Be Announced) securities.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If bonds are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

~~If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, Certificates of Deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@"or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the"*", "@"or "&" with the "^" preceding the other characters ("*", "@"or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~Column 4 – Foreign~~

~~Insert the appropriate code in the column based on the list provided in the Investment Schedules General Instructions.~~

~~Column 5 Bond Characteristics~~

~~If bonds have one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.~~

~~1. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par, based on a specified formula for the payoff amount (generally discounting future cash flows at then current interest rates which is generally referred to as a "make whole call provision").~~

~~2. Bonds that are callable at the discretion of the issuer, provided that in no instance will the call price be below par with a specified payoff amount based on a fixed schedule.~~

~~3. Bonds that are callable at the discretion of the issuer at a price that can be less than par.~~

~~4. Terms in which the timing of payments of principal, as well as the amounts and timing of payments of interest, can vary based on a pool of underlying assets or an index. This characteristic code is restricted to items captured in scope of *SSAP No. 43R—Loan-Backed and Structured Securities* and should include agency and non-agency residential mortgage-backed securities (RMBS), some commercial mortgage-backed securities (CMBS), and similar loan-backed or structured securities. This excludes those flagged with #1, #2 or #3.~~

~~5. Variable coupon bonds where the interest payments vary during the life of the transaction, but NOT as is typical based on a fixed spread over a well-established interest rate index (such as LIBOR, prime rate or a government bond yield). (This includes coupons that vary based on the performance of indices that are not interest rate related, such as equity indices, commodity prices or foreign exchange rates. This also includes coupons where the spread to the index is not fixed for the entire life of the transaction. This excludes basic floating rate and adjustable rate notes with fixed spread over an interest rate index. This characteristic code is strictly limited to variable interest payments.)~~

~~6. Terms that may result in principal (or initial investment) not being repaid in full for reasons other than a payment default by the issuer or defaults within a pool of assets underlying a loan-backed or structured security. (This intends to capture to Mortgage Reference Securities reported in scope of *SSAP No. 43R—Loan-Backed and Structured Securities*. Other structured notes (securities structured as debt instruments when the contractual amount of the instrument to be paid at maturity is at risk for other than the failure of the borrower to pay the contractual amount due) and whether derivatives shall not be reported on Schedule D, Part 1. These structures are captured in scope of *SSAP No. 86—Derivatives* and shall be reported on Schedule DB.)~~

~~7. Bonds where the issuer's obligation to make payments is determined by the performance of a different credit other than that of the issuer, which could be either affiliated or unaffiliated. (These securities are often referred to as credit-linked notes. This does not include loan-backed or structured securities.)~~

~~8. Mandatory convertible bonds. Bonds that are mandatorily convertible into equity, or, at the option of issuer, convertible into equity, or whose terms provide for payment in the form of equity instead of cash.~~

~~9. Other types of options solely at the discretion of the issuer that could affect the timing or amount of payments of principal or interest, not otherwise reported in 1-8.~~

Column ~~6~~4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination for each security. ~~The list of valid SVO Administrative Symbols is shown below.~~

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC's website for the Securities Valuation Office (*www.naic.org/svo.htm*).

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- ~~NAIC Designation Column 6A~~
- ~~NAIC Designation Modifier Column 6B~~
- ~~SVO Administrative Symbol Column 6C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for bonds eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, the field should be left blank.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

S	Additional or other non-payment risk
SYE	Additional or other non-payment risk – Year-end carry over
FE	Filing Exempt
FM	Financially Modeled RMBS/CMBS subject to SSAP No. 43R
YE	Year-end carry over
IF	Initial filing
PL	Private Letter Rating
PLGI	Private Letter Rating – reported on General Interrogatory
RT	Regulatory Transaction
RTS	Regulatory Transaction – SVO Reviewed
RTIF	Regulatory Transaction – Initial Filing Submitted to SVO
RTSYE	Regulatory Transaction – SVO Reviewed – Year-end carry over
GI	General Interrogatory

F Sub-paragraph D Company – insurer self-designated

Z Insurer self-designated

* Limited to NAIC Designation 6

Z* Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.

ND* Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

Column ~~7~~5 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: pay downs and partial sales (both reported in Schedule D, Part 4) and subsequent acquisitions of the same issue (reported in Schedule D, Part 3). Actual cost will need to be adjusted due to "other-than-temporary impairments" recognized, for use when determining realized gain/(loss) at disposition.

Include: Brokerage and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Cost of acquiring the bond or stock including broker's commission and incidental expenses of effecting delivery, transaction fees on re-pooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

For SVO--Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter the original cost of the shares purchased, including brokerage and other related fees.

For a bond received as a property dividend or capital contribution, enter the initial recognized value. See *SSAP No. 26R—Bonds* for guidance.

~~Column 8 – Rate Used to Obtain Fair Value~~

~~Report rate used for determining fair value.~~

~~For SVO Identified Funds (Exchange Traded Funds), enter the per share fair value or net asset value as of the reporting date.~~

~~For U.S. Treasury Inflation-Indexed Securities enter the VOS rate (provided in the *Valuation of Securities*) multiplied by the inflation ratio.~~

~~Column 9 – Fair Value~~

~~The fair value should be the price which, when multiplied by the notional amount (Column 10, Par Value) results in the dollar amount that would be received (excluding accrued interest) if the security was sold at fair value.~~

~~The fair value included in this column (calculated from the Rate Used to Obtain Fair Value column) should be the amount used in any comparison of fair value to another valuation method (e.g., book value or amortized cost) that is prescribed by the accounting/valuation rules.~~

~~For loan-backed securities, the prospective or retrospective methods are used in determining amortized value.~~

~~Exclude: Accrued interest.~~

~~For SVO Identified Funds (Exchange Traded Funds), enter the amount representing the number of shares owned at year-end times the rate specified in Column 8.~~

~~For U.S. Treasury Inflation-Indexed Securities, Fair Value should utilize the VOS rate multiplied by the inflation ratio.~~

Column ~~10~~6 – Par Value

Enter the par value of the ~~bonds~~ issuer credit obligations owned adjusted for repayment of principal and interest considered 'paid-in-kind' (PIK) to which the reporting entity has a claim.

For ~~interest~~ interest-only bonds ~~investments~~ without a principal amount on which the reporting entity has a claim, use a zero value. ~~Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.~~

For SVO--Identified ~~Funds~~ Bond ~~(Bond Mutual Funds and~~ Exchange Traded Funds~~)~~, enter Zero (0).

Column 7 – Fair Value

Fair value shall be determined pursuant to *SSAP No. 100R – Fair Value*

Column ~~11~~8 – Book/Adjusted Carrying Value

Securities excluding SVO-~~-~~Identified ~~fund~~ Bond Exchange Traded Funds and mandatory convertible bonds:

This should be the amortized value or the lower of amortized value or fair value, depending upon the NAIC designation of the bond (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the bond, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any accrued interest paid thereon.

Amortization of deferred origination and commitment fees.

Deduct: A direct write-down for a decline in the fair value of an bond ~~investment~~ that is other-than-temporary or to reflect fair value when the investment is reported at lower of amortized cost or fair value.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest.

The amount reported in this column should equal:
Book/Adjusted Carrying Value reported in the Prior Year statement
(or Actual Cost for newly acquired securities)
Plus “Current Year’s” (Amortization)/Accretion”
Plus “Unrealized Valuation Increase/(Decrease) Total in Book/Adjusted Carrying Value”
Minus “Current Year’s Other-Than-Temporary Impairment Recognized”
Plus “Total Foreign Exchange Change in Book/Adjusted Carrying Value”
Plus Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Refer to *SSAP No. 26R—Bonds*

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5* Enter amortized cost
NAIC Designation 6 Enter the lower of fair value or amortized cost

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2* Enter amortized cost
NAIC Designations 3 – 6 Enter the lower of fair value or amortized cost

*NOTE: An exception exists for Treasury Inflation-Indexed Securities~~Treasury Inflation Adjusted Securities under INT 01-25,~~ where the book/adjusted carrying value may include an unrealized gain. See INT 01-25, Accounting for U.S. Treasury Inflation-Indexed Securities, for accounting guidance.

Mandatory Convertible Bonds:

The amount should be the lower of amortized cost or fair value during the period prior to conversion.

SVO-~~-~~Identified Funds:

The amount should be fair value unless the reporting entity has designated a qualifying security for systematic value. The election of using systematic value is irrevocable. Guidance in *SSAP No. 26R – Bonds* details the requirements for use of systematic value.

~~**NOTE: Use of systematic value is effective Dec. 31, 2017.** This effective date requires entities to either report SVO-Identified investments at fair value on the effective date, or to identify the SVO-Identified investments with a code to identify use of systematic value. If the investment is coded for systematic value, the investment will be reported in the 2017 annual financial statements using the measurement method utilized throughout 2017. For these investments, beginning Jan. 1, 2018, the reporting entity shall report the investment using the calculated systematic value method detailed in *SSAP No. 26R – Bonds*.~~

~~Refer to *SSAP No. 26R – Bonds*.~~

~~For reporting entities maintaining an AVR:~~

~~NAIC Designation 1 – 5 Enter fair value or systematic value~~
~~NAIC Designation 6 Enter fair value~~

~~For reporting entities not maintaining an AVR:~~

~~NAIC Designations 1 – 2 Enter fair value or systematic value~~
~~NAIC Designations 3 – 6 Enter fair value~~

~~The amount reported in this column should equal:~~

~~Book/Adjusted Carrying Value reported in the Prior Year statement (or Actual Cost for newly acquired securities)~~
~~plus “Unrealized Valuation Increase/(Decrease) Total in Book/Adjusted Carrying Value”~~
~~plus “Current Year’s (Amortization)/Accretion”~~
~~minus “Current Year’s Other-Than-Temporary Impairment Recognized”~~
~~plus “Total Foreign Exchange Change in Book/Adjusted Carrying Value”~~
~~plus Changes due to amounts reported in Schedule D, Parts 3, 4 and 5~~

Column ~~12~~9 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. Thus, this amount could be:

The difference due to changing from Amortized Cost in the previous year to Fair Value in the current year’s Book/Adjusted Carrying Value column (calculated as **current year** Fair Value minus **current year** Amortized Value);

The difference of moving from Fair Value in the previous year to Amortized Cost in the current year’s Book/Adjusted Carrying Value column (calculate as **prior year** Amortized Value minus **prior year** Fair Value); or

The difference between the Fair Value in the previous year and the Fair Value in the current year’s Book/Adjusted Carrying Value column (calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** Accrual of Discount/(Amortization of Premium)).

Include: For SVO-Identified Bond Exchange Traded Funds~~funds~~, the change from the prior reported B/ACV to fair value/net asset value. If an SVO-identified Bond Exchange Traded Fund~~fund~~ no longer qualifies for systematic value, the difference from systematic value in prior year to fair value/net asset value in current year.

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 10~~3~~ – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. (For investments reported at the lower of amortized cost or fair value, the amortization/accretion occurs first, and then any unrealized valuation change necessary to reflect the lower fair value is reflected. This results with recognition of both investment income and an unrealized capital loss.)

Include: The (Amortization)/Accretion of SVO-~~-~~Identified Bond Exchange Traded Funds designated for reporting at systematic value.

Column 11~~4~~ – Current Year's Other-Than-Temporary Impairment Recognized

If the ~~security~~ bond has ~~suffered~~ been identified with an "other-than-temporary impairment," ~~this column should contain~~report the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 12~~5~~ – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular ~~security~~bond. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account (Page 4).

Column 13~~6~~ – Stated Rate of Interest ~~Rate~~

Show rate of interest as stated on the face of the bond. Where the original stated rate has been renegotiated, show the latest modified rate. For ~~long-term~~ bonds with a variable rate of interest, use the last rate of interest. ~~For short-term bonds with various issues of the same issuer, use the last rate of interest.~~ All information reported in this field must be a numeric value.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds, ~~) and~~ Principal STRIP Bonds or other zero-coupon bonds, enter numeric zero (0).

Column 14~~7~~ – Effective Rate of Interest

For issuer credit obligations, include the effective rate at which the purchase was made.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter Zero (0).

Column 15~~8~~ – Interest – When Paid

For ~~securities~~ bonds that pay interest annually, provide the first 3 letters of the month in which the interest is paid (e.g., JUN for June). For ~~securities~~ bonds that pay interest semi-annually or quarterly, provide the first letter of each month in which interest is received (e.g., JD for June and December, and MJSD for March, June, September and December). For ~~securities~~ bonds that pay interest on a monthly basis, include “MON” for monthly. Finally, for securities that pay interest at maturity, include “MAT” for maturity.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~ and Principal STRIP Bonds or other zero-coupon bonds, enter N/A.

Column 16~~9~~ – ~~Admitted Interest Due and Accrued~~Interest Income Due and Accrued

Report interest income earned and legally due to be paid to the reporting entity as of the reporting date (interest due) plus interest income earned as of the reporting date but not legally due to be paid to the reporting entity until subsequent to the reporting date (interest accrued). Refer to *SSAP No. 34—Investment Income Due and Accrued*. The amount reported in this column should be the collectible amount of the interest income due and accrued regardless of admitted/nonadmitted determination. Items probable of collection, but nonadmitted pursuant to SSAP No. 34, shall be captured in this reporting column, with the nonadmittance shown in column 2 of the balance sheet and detailed in the notes to the financial statements. ~~This should equal the admitted amount of due and accrued interest for a specific security, based upon the assessment of collectability required by *SSAP No. 34—Investment Income Due and Accrued* and any other requirements for nonadmitting investment income due and accrued.~~

Column 17~~20~~ – ~~Amount~~ Interest Received During Year

Amount reported should reflect the combined total of all interest (cash and paid-in-kind PIK) received for each reported investment during the year. Report actual amount of cash interest received. For ~~paid-in-kind (~~PIK~~)~~ interest received, report the fair value of the asset at the time the asset was received.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~ enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of interest directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 18~~21~~ – Acquired Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of ~~bonds or stocks~~issuer credit obligations acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter date of last purchase.

Column 19~~22~~ – Stated Contractual Maturity Date

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, leave blank.

For perpetual bonds, enter 01/01/9999.

For mandatory convertible bonds use the conversion date.

Column 20 – Payment Due at Maturity

Report payment due at maturity. Include the final principal payment (including balloon payments) as well as interest to be paid at maturity.

**** Columns 21~~3~~ through ~~35~~ 36 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 22 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

Column 23 – Foreign

Insert the appropriate code in the column based on the list provided in the Investment Schedules General Instructions.

Column 24~~3~~ – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., "MO" for Missouri). For federal issuances, report the abbreviation for the agency issuer.

~~U.S. States, Territories and Possessions~~

~~Include the appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include the appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include the appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.~~

Column 25~~4~~ – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Report the fair value level that represents the inputs used to determine fair value. Whenever possible, the reported fair value shall reflect level 1 ~~(quoted prices in active market)~~, followed by level 2 ~~(other observable inputs that do not qualify as level 1)~~, and then level 3 ~~(unobservable inputs)~~. In all situations fair value shall be determined in accordance with *SSAP No. 100R—Fair Value*. ~~Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.~~

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for bonds to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity or a third party contracted by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

Column 26~~5~~ – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions.**

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use "NAV" to indicate net asset value used instead of fair value.

Column 27~~6~~ – Collateral Type

Use only for securities included in the following subtotal lines.

Single Entity Backed Obligations (Unaffiliated) 0129999999
Single Entity Backed Obligations (Affiliated) 0139999999

For issuer credit obligations reported as single entity backed obligations, report one of the following codes that most appropriately reflects the structure:

1 ETC – Equipment Trust Certificate

2 EETC – Enhanced Equipment Trust Certificate

3 GLF – Ground Lease Financing

4 CTL – Credit Tenant Loan (security structure)

5 FABN – Funding Agreement Backed Note

6 Other – Other Single Entity Backed

~~U.S. Governments~~

~~Residential Mortgage-Backed Securities .... 0029999999~~
~~Commercial Mortgage-Backed Securities .... 0039999999~~
~~Other Loan-Backed and Structured Securities .... 0049999999~~

~~All Other Governments~~

~~Residential Mortgage-Backed Securities .... 0229999999~~
~~Commercial Mortgage-Backed Securities .... 0239999999~~
~~Other Loan-Backed and Structured Securities .... 0249999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~

~~Residential Mortgage-Backed Securities .... 0429999999~~
~~Commercial Mortgage-Backed Securities .... 0439999999~~
~~Other Loan-Backed and Structured Securities .... 0449999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~

~~Residential Mortgage-Backed Securities .... 0629999999~~
~~Commercial Mortgage-Backed Securities .... 0639999999~~
~~Other Loan-Backed and Structured Securities .... 0649999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Residential Mortgage-Backed Securities .... 0829999999~~
~~Commercial Mortgage-Backed Securities .... 0839999999~~
~~Other Loan-Backed and Structured Securities .... 0849999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Residential Mortgage-Backed/ Securities .... 1029999999~~
~~Commercial Mortgage-Backed Securities .... 1039999999~~
~~Other Loan-Backed and Structured Securities .... 1049999999~~

~~Hybrid Securities~~

~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial Mortgage-Backed Securities .... 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities .... 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~

~~Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security.~~

~~Note: Various investments below require SVO review and approval, please refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) for further description.~~

~~1 Residential Mortgage Loans/RMBS~~

~~Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime, Alt-A).~~

~~2 Commercial Mortgage Loans/CMBS~~

~~Include all types of commercial mortgage loans as collateral (e.g., conduits, single name, etc.).~~

~~3 Home Equity~~

~~Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.~~

~~4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles~~

~~Include bonds collateralized by individual obligations. Do not include individual obligations that have a real estate aspect.~~

~~5 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper~~

~~Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).~~

~~6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates~~

~~Include bonds collateralized by leases. Equipment leases are loans on heavy equipment. Equipment trust certificates are certificates that entitle the holder to the lease payments on the underlying assets.~~

~~7 CLO/CBO/CDO~~

~~Include bank loans, which securitize CLOs; investment grade and high-yield corporate bonds, which securitize CBOs; and corporate bonds and structured securities, which securitize CDOs.~~

~~8 Manufactured Housing and Mobile Home Loans~~

~~Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds, they are considered ABS.~~

~~9 Credit Tenant Loans~~

~~Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral also referred to as credit tenant lease, sale-leaseback or CTL.~~

~~10 Ground Lease Financing~~

~~Real estate loans secured by the obligation to pay debt service by means of rental payments of subleased property; where a long-term ground lease was issued in which the lessee intends significant land development and the subleasing of such property to other long-term tenants.~~

~~11 Other~~

~~Include other collateral types that do not fit into categories 1 through 10.~~

~~**For Columns 27 through 29, make whole call information is not required.**~~

Column 28~~7~~ – Call Date

Report the next call date~~ used to calculate the Effective Date of Maturity. If call date does not affect the Effective Date of Maturity field but exists, report the next call date~~. If there is no call date, leave blank.

If the item is subject to a make whole call provision and it is not known that the issuer is expected to invoke the provision enter "MW". If information is known that the issuer expects to invoke the make whole provision, then the expected call date of the make whole call provision shall be reported.

Column 29~~28~~ – Call Price

Report the call price used to calculate the Effective Date of Maturity. If call price does not affect the Effective Date of Maturity field but exists, report the next call price. If there is no call price, leave blank.

If the item is subject to a make whole call provisions and it is known that the issuer expects to invoke the provision, enter the expected call price. Otherwise, for make whole call provisions, leave blank.

Column 30~~29~~ – Effective Date of Maturity

On bonds purchased at a premium, the maturity date producing the lowest amortized value should be used. See *SSAP No. 26R—Bonds*. If call data does not affect the Effective Date of Maturity field, leave blank.

Column 31 – Aggregate Deferred Interest

Some investments allow for interest payments to be deferred past the originally scheduled payment date without being considered past due under the agreement terms. Include the amount of interest reported as due and accrued for which the reporting entity has not received within 90 days of the originally scheduled payment date, that has not been nonadmitted under *SSAP No. 34 – Investment Income Due and Accrued.* For the avoidance of doubt, this should also include all accrued interest for investments that pay interest in full less frequently than annually per the agreement terms.

Column 32 – PIK Interest ~~Due and Accrued~~

Include the amount of reported interest ~~due and accrued~~ in which the terms of the investment permit ~~payment~~ paid "in kind" (PIK) instead of cash.

The amount captured shall reflect the cumulative amount of PIK interest included in the current principal balance.

In disclosing the cumulative amount of PIK interest, identify the specific amounts of PIK interest by lot and aggregate the amounts by CUSIP/PPN that have a net increase to the original par value. The net increase includes PIK interest added to the par value less disposals (i.e., repayments; sales) that are first applied to any PIK interest outstanding. As a practical expedient, an insurer may calculate the cumulative amount of PIK interest on a bond by subtracting the original principal / par value from the current principal / par value, but not less than $0.

~~Column 30 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~31~~33 – Issuer

Issuer Definition:

> The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 34~~2~~ – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided, but additional information should be provided as appropriate for the security.

> 6% Senior 2018
> 7% Subordinated Debenture 03/15/2022
> 3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 35~~3~~ – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

Column 36~~4~~ – Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA ~~or Fannie Mae~~) and Federal Home Loan Mortgage Corporation securities (FHLMC ~~or Freddie Mac~~) generally are senior debt, though there are examples of subordinated debt issued by ~~Fannie~~ FNMA and ~~Freddie~~FHLMC. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of "Other" should rarely be used.

Capital structure includes securities subject to *SSAP No. 26R—Bonds* ~~*and SSAP No. 43R—Loan-Backed and Structured Asset-Backed Securities*~~.

1. Senior Secured Debt

   Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

   Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

   Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for ~~loan-backed and structured~~asset-backed securities, this would include mezzanine tranches).

   (Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

   Securities where the capital structure 1 through 3 above do not apply (e.g., Line ~~1619999999 Exchange Traded Funds – as Identified by the SVO~~0149999999 SVO-Identified Bond Exchange Traded Funds – Fair Value and Line 0159999999 SVO-Identified Bond Exchange Traded Funds – Systematic Value).

~~Column 35 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column ~~11~~8.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal Line ~~2509999999~~0509999999.

SCHEDULE D – PART 1 – SECTION 2

~~LONG-TERM BONDS –~~ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR

Only ~~investments~~ bonds that qualify in scope of *SSAP 43R – Asset-Backed Securities* are permitted to be reported on this schedule. Bonds are to be grouped as listed below and each category arranged alphabetically.

Refer to *SSAP No. 23—Foreign Currency Transactions and Translations* for accounting guidance related to foreign currency transactions and translations.

Short Sales:

> Selling a security short is an action by a reporting entity that results with the reporting entity recognizing proceeds from the sale and an obligation to deliver the sold security. For statutory accounting purposes, obligations to deliver securities resulting from short sales shall be reported as contra-assets (negative assets) in the investment schedule, with an investment code in the code column detailing the item as a short sale. The obligation (negative asset) shall be initially reflected at fair value, with changes in fair value recognized as unrealized gains and losses. These unrealized gains and losses shall be realized upon settlement of the short sale obligation. Interest on short sale positions shall be accrued periodically and reported as interest expense.

If a reporting entity has any detail lines reported for any of the following required **categories or subcategories described in the Investment Schedules General Instructions**, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Foreign column code list.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Asset-Backed Securities	
Financial Asset-Backed Securities – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated)	1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated)	1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated)	1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated)	1129999999
Subtotals – Financial Asset-Backed Securities – Self-Liquidating	1209999999

Financial Asset-Backed Securities – Not Self-Liquidating

Equity Backed Securities (Unaffiliated) 1319999999
Equity Backed Securities (Affiliated) 1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated) 1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated) 1349999999
Subtotals – Financial Asset-Backed Securities – Not Self-Liquidating 1409999999

Non-Financial Asset-Backed Securities – Practical Expedient

Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999
Subtotals - Non-Financial Asset-Backed Securities – Practical Expedient 1609999999

Non-Financial Asset-Backed Securities – Full Analysis

Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999
Subtotals - Non-Financial Asset-Backed Securities – Full Analysis 1809999999

Total – Asset-Backed Securities (Unaffiliated) 1889999999
(Sum of Lines: 1019999999, 1029999999, 1039999999, 1049999999, 1059999999, 1079999999, 1099999999, 1119999999, 1319999999, 1339999999, 1519999999, 1539999999, 1719999999, and 1739999999)
Total – Asset-Backed Securities (Affiliated) 1899999999
(Sum of Lines: 1069999999, 1089999999, 1109999999, 1129999999, 1329999999, 1349999999, 1529999999, 1549999999, 1729999999, 1749999999)
Total – Asset-Backed Securities 1909999999

Total – Long-Term Bonds (Issuer Credit Obligations and Asset-Backed Securities) 2009999999

List all asset-backed securities in scope of *SSAP No. 43R – Asset-Backed Securities* in Schedule D, Part 1, Section 2 owned December 31, of current year. ~~Securities~~Bonds in scope of SSAP No. 43R are not permitted to be reported as cash equivalents or short-term investments.

The security identifier reported (Column 1 for CUSIP, CINS, PPN or Column 37 for ISIN) must be the same as the identifier used when filing securities with the NAIC pursuant to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* instructions.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 37.

Column 2 – Description

Give a description of all ~~investments~~bonds owned. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 35, Issuer and Column 36, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For Asset-Backed Securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDO) or ~~CBOs (~~Collateralized Bond Obligations (CBO), indicate what the CLO/CDO/CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

Column 3 – Restricted Asset Code

If bonds are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol combination for each security. ~~The list of valid SVO Administrative Symbols is shown below.~~

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC's website for the Securities Valuation Office (*www.naic.org/svo.htm*).

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for bonds eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, the field should be left blank.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the P&P Manual for the application of these modifiers.

SVO Administrative Symbol:

Following are valid SVO Administrative Symbols for bonds. Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these symbols.

S Additional or other non-payment risk

SYE Additional or other non-payment risk - Year-end carry over

FE Filing Exempt

FM Financially Modeled RMBS/CMBS subject to SSAP No. 43R

YE Year-end carry over

IF Initial filing

PL Private Letter Rating

PLGI Private Letter Rating – reported on General Interrogatory

RT Regulatory Transaction

RTS Regulatory Transaction - SVO Reviewed

RTIF Regulatory Transaction - Initial Filing Submitted to SVO

RTSYE Regulatory Transaction - SVO Reviewed - Year-end carry over

GI General Interrogatory

F Sub-paragraph D Company – insurer self-designated

Z Insurer self-designated

* Limited to NAIC Designation 6

Z* Regulatory review initiated by either the SVO Director, Financial Condition (E) Committee, Executive (EX) Committee or VOSTF.

ND* Regulatory review for an assessment of regulatory policy for the investment or regulatory reporting instructions to implement applicable policy.

The NAIC Designation Category is the combination of NAIC Designation and NAIC Designation Modifier. Valid combinations of NAIC Designation and NAIC Designation Modifier for NAIC Designation Category are shown below:

NAIC Designation	NAIC Designation Modifier	NAIC Designation Category
1	A	1A
	B	1B
	C	1C
	D	1D
	E	1E
	F	1F
	G	1G
2	A	2A
	B	2B
	C	2C
3	A	3A
	B	3B
	C	3C
4	A	4A
	B	4B
	C	4C
5	A	5A
	B	5B
	C	5C
6		6

Column 5 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: pay downs and partial sales (both reported in Schedule D, Part 4) and subsequent acquisitions of the same issue (reported in Schedule D, Part 3). Actual cost will need to be adjusted due to "other-than-temporary impairments" recognized, for use when determining realized gain/(loss) at disposition.

Include: Brokerage and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Cost of acquiring the bond including broker's commission and incidental expenses of effecting delivery, transaction fees on re-pooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

Column 6 – Par Value

For asset-backed securities, enter the par amount of principal adjusted for repayment of principal and interest considered 'paid-in-kind' (PIK) to which the reporting entity has a claim.

Column 7 – Fair Value

Fair value shall be determined pursuant to *SSAP No. 100R – Fair Value*

Column 8 – Book/Adjusted Carrying Value

This should be the amortized value or the lower of amortized value or fair value, depending upon the NAIC designation of the bond (and adjusted for any other-than-temporary impairment), as of the end of the current reporting year.

Include: The original cost of acquiring the bond, including brokerage and other related fees.

Amortization of premium or accrual of discount, but not including any accrued interest paid thereon.

Amortization of deferred origination and commitment fees.

For asset-backed securities, a reporting entity's use of the retrospective method to reflect changes in expected cash flows adjusts the amortized cost basis.

Deduct: A direct write-down for a decline in the fair value of an investment that is other-than-temporary or to reflect fair value when the investment is reported at lower of amortized cost or fair value.

Exclude: All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred. Cost should also be reduced by payments attributed to the recovery of cost.

Accrued interest.

The amount reported in this column should equal:
Book/Adjusted Carrying Value reported in the Prior Year statement
(or Actual Cost for newly acquired securities)
Plus "Current Year's" (Amortization)/Accretion"
Plus "Unrealized Valuation Increase/(Decrease) Total in Book/Adjusted Carrying Value"
Minus "Current Year's Other-Than-Temporary Impairment Recognized"
Plus "Total Foreign Exchange Change in Book/Adjusted Carrying Value"
Plus Changes due to amounts reported in Schedule D, Parts 3, 4 and 5

Refer to *SSAP No. 26R—Bonds* and *SSAP No. 43R – Asset-Backed Securities*.

For reporting entities maintaining an AVR:

NAIC Designation 1 – 5* Enter amortized cost
NAIC Designation 6 Enter the lower of fair value or amortized cost

For reporting entities not maintaining an AVR:

NAIC Designations 1 – 2* Enter amortized cost
NAIC Designations 3 – 6 Enter the lower of fair value or amortized cost

Column 9 – Unrealized Valuation Increase/(Decrease)

The total unrealized valuation increase/(decrease) for a specific security will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the security at Fair Value. Thus, this amount could be:

The difference due to changing from Amortized Cost in the previous year to Fair Value in the current year's Book/Adjusted Carrying Value column (calculated as **current year** Fair Value minus **current year** Amortized Value);

The difference of moving from Fair Value in the previous year to Amortized Cost in the current year's Book/Adjusted Carrying Value column (calculate as **prior year** Amortized Value minus **prior year** Fair Value); or

The difference between the Fair Value in the previous year and the Fair Value in the current year's Book/Adjusted Carrying Value column (calculate as **current year** Fair Value minus **prior year** Fair Value minus **current year** Accrual of Discount/(Amortization of Premium)).

These amounts are to be reported as unrealized capital gains or (losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account (Page 4).

Column 10 – Current Year's (Amortization)/Accretion

This amount should equal the current reporting year's amortization of premium or accrual of discount (regardless of whether or not the security is currently carried at Amortized Cost). The accrual of discount amounts in this column are to be reported as increases to investment income in the Exhibit of Net Investment Income, while the amortization of premium amounts are to be reported as decreases to investment income. (For investments reported at the lower of amortized cost or fair value, the amortization/accretion occurs first, and then any unrealized valuation change necessary to reflect the lower fair value is reflected. This results with recognition of both investment income and an unrealized capital loss.)

Column 11 – Current Year's Other-Than-Temporary Impairment Recognized

If the ~~security~~bond has been identified with an "other-than-temporary impairment," report the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column 12 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular security. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account (Page 4).

Column 13 – Stated Rate of Interest

Show rate of interest as stated on the face of the bond. Where the original stated rate has been renegotiated, show the latest modified rate. For asset-backed securities with a variable rate of interest, use the last rate of interest. All information reported in this field must be a numeric value.

Column 14 – Effective Rate of Interest

For asset-backed securities, report the effective yield as of December 31 of the current year. The Effective Yield calculation should be updated pursuant to *SSAP No. 43R – Asset-Backed Securities* (e.g., utilize either the Prospective Method or Retrospective Method, accordingly).

Column 15 – Interest – When Paid

For ~~securities~~bonds that pay interest annually, provide the first 3 letters of the month in which the interest is paid (e.g., JUN for June). For ~~securities~~bonds that pay interest semi-annually or quarterly, provide the first letter of each month in which interest is received (e.g., JD for June and December, and MJSD for March, June, September and December). For ~~securities~~bonds that pay interest on a monthly basis, include "MON" for monthly. Finally, for securities that pay interest at maturity, include "MAT" for maturity.

Column 16 – Interest Income Due and Accrued

Report interest income earned and legally due to be paid to the reporting entity as of the reporting date (interest due) plus interest income earned as of the reporting date but not legally due to be paid to the reporting entity until subsequent to the reporting date (interest accrued). Refer to *SSAP No. 34—Investment Income Due and Accrued*. The amount reported in this column should be the collectible amount of the interest income due and accrued regardless of admitted/nonadmitted determination. Items probable of collection, but nonadmitted pursuant to SSAP No. 34, shall be captured in this reporting column, with the nonadmittance shown in column 2 of the balance sheet and detailed in the notes to the financial statements.

Column 17 – Interest Received During Year

Amount reported should reflect the combined total of all interest (cash and paid-in-kind (PIK)) received for each reported ~~investment~~bond during the year. Report actual amount of cash interest received. For ~~paid-in-kind(~~PIK~~)~~ interest received, report the fair value of the asset at the time the asset was received.

Include: The proportionate share of interest directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Column 18 – Acquired Date

~~All asset-backed securities shall be separately reported (no aggregation of separate acquisitions).~~

Column 19 – Stated Contractual Maturity Date

Enter stated contractual maturity date.

Column 20 – Payment Due at Maturity

Report payment due at maturity. Include the final principal payment (including balloon payments) as well as interest to be paid at maturity.

Column 21 – Origination Balloon Payment %

Include the percentage of balloon payment due at maturity based on the original outstanding principal amount. For example, if the original security had principal repayment of $100 and $80 is scheduled to be paid at maturity, the balloon payment percentage at origination is 80%. The balloon percentage shall not be adjusted subsequent to origination regardless of principal reduction or payments in advance of maturity that reduce the outstanding balloon.

**** Columns 22 through 38 will be electronic only. ****

Column 22 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 23 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

Column 24 – Foreign

Insert the appropriate code in the column based on the list provided in the Investment Schedules General Instructions.

Column 25 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)... 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC) . 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

Column 26 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Report the fair value level that represents the inputs used to determine fair value. Whenever possible, the reported fair value shall reflect level 1 ~~(quoted prices in active market)~~, followed by level 2 ~~(other observable inputs that do not qualify as level 1)~~, and then level 3 ~~(unobservable inputs)~~. In all situations fair value shall be determined in accordance with *SSAP No. 100R—Fair Value*.

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators for bonds to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity or a third party contracted by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value, leave blank.

Column 27 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions.**

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use "NAV" to indicate net asset value used instead of fair value.

Column 28 – Collateral Type

Use only for securities included in the following subtotal lines.

Other Financial Asset-Backed Securities – Self Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self Liquidating (Affiliated)	1129999999
Other Financial Asset-Backed Securities – Not Self Liquidating (Unaffiliated)	1339999999
Other Financial Asset-Backed Securities – Not Self Liquidating (Affiliated)	1349999999
Lease-Backed Securities – Practical Expedient (Unaffiliated)	1519999999
Lease-Backed Securities – Practical Expedient (Affiliated)	1529999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)	1539999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated)	1549999999
Lease-Backed Securities – Full Analysis (Unaffiliated)	1719999999
Lease-Backed Securities – Full Analysis (Affiliated)	1729999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)	1739999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated)	1749999999

For asset-backed securities on the noted reporting lines, enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one.

1 Non-Standard Home Loan Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Asset-backed securities that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS. This also includes manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they are securitized, they are considered ABS rather than RMBS.

2 Individual Obligations – Credit Card, Auto, Personal Loans, Student Loans and Recreational Vehicles, etc.

Include asset-backed securities collateralized by individual obligations. Do not include individual obligations that reflect a security interest in real estate.

3 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper, etc.

Include asset-backed securities collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations). This category shall only be used for ABS that meet the definition of financial assets where there is no further performance obligation. ABS that are collateralized by rights to future revenue streams shall be captured as "cash flows rights" detailed in code 6.

4 Real Estate Leases

Include all lease structures backed by real estate, including investments that resemble credit tenant loans, ground lease finance, and project finance real estate structures that do not represent issuer credit obligations.

5 Other Leases

Include all lease-backed structures not backed by real estate that do not represent issuer credit obligations. This includes auto, aircraft, equipment, etc.

6 Cash Flow Rights

Include all ABS structures that securitize rights to future cash flows. Examples of collateral to include in this category includes royalties, licensing fees, servicing rights, mineral rights, other revenue rights such as those common in whole business securitizations.

7 Other

Include other collateral types that do not fit into the above categories.

Column 29 – Current Overcollateralization Percentage

Use only for asset-backed securities reported in the following categories:

- Financial Asset-Backed Securities – Not Self-Liquidating
- Non-Financial Asset-Backed Securities – Full Analysis

Report the overcollateralization ratio that reflects the value of the assets backing the debt issuance in comparison to the tranche held and all tranches senior as of the reporting date.

The ratio shall reflect the total unimpaired assets backing the debt issuance over the specific tranche held and all the tranches senior to the held tranche. For example, if the assets / expected cash flows supporting the debt issuance has declined to $88, and there is still $75 in issued senior debt and $15 in issued mezzanine debt, a reporting entity holding senior tranche would report 117% (88/75) and a reporting entity holding the mezzanine debt shall report 98% (88/90).

The original overcollateralization ratio shall be based on supporting investment documentation.

Column 30 – Current Expected Payoff Date

Report the current expected pay-off date resulting from estimated cash flows and prepayment assumptions.

Column 31 – Origination Overcollateralization Percentage

Report the overcollateralization ratio that reflects the value of the assets backing the debt issuance in comparison to the tranche held and all tranches senior at the time of origination.

The ratio shall reflect the total unimpaired assets backing the debt issuance over the specific tranche held and all the tranches senior to the held tranche. For example, with $100 in assets backing the debt issuance and $75 in issued senior debt, $15 in issued mezzanine debt, and $10 in residual assets, a reporting entity holding senior tranche would report 133% (100/75) and a reporting entity holding the mezzanine debt shall report 111% (100/90).

The original overcollateralization ratio shall be based on supporting investment documentation.

Column 32 – Origination Expected Payoff Date

Report the expected pay-off date at the time of original acquisition. (This field should remain unchanged for as long as the security is held.)

Column 33 – Aggregate Deferred Interest

Some investments allow for interest payments to be deferred past the originally scheduled payment date without being considered past due under the agreement terms. Include the amount of interest reported as due and accrued for which the reporting entity has not received within 90 days of the originally scheduled payment date, that has not been nonadmitted under *SSAP No. 34 – Investment Income Due and Accrued*. For the avoidance of doubt, this should also include all accrued interest for investments that pay interest in full less frequently than annually per the agreement terms.

Column 34 – PIK Interest ~~Due and Accrued~~

Include the amount of reported interest ~~due and accrued~~ in which the terms of the investment permit ~~payment~~paid "in kind" (PIK)instead of cash.

The amount captured shall reflect the cumulative amount of PIK interest included in the current principal balance.

In disclosing the cumulative amount of PIK interest, identify the specific amounts of PIK interest by lot and aggregate the amounts by CUSIP/PPN that have a net increase to the original par value. The net increase includes PIK interest added to the par value less disposals (i.e., repayments; sales) that are first applied to any PIK interest outstanding. As a practical expedient, an insurer may calculate the cumulative amount of PIK interest on a bond by subtracting the original principal / par value from the current principal / par value, but not less than $0.

Column 35 – Issuer

Issuer Definition:

The name of the legal entity that develops, registers and sells securities for the purpose of financing its operations and may be domestic or foreign governments, corporations or investment trusts. The issuer is legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions.

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Name used in either the relevant SEC filing or legal documentation for the transaction. Issuer is the name of the legal entity that can be found on documents such as SEC Form 424B2, Note Agreements, Prospectuses and Indentures, as appropriate. The name used should be as complete and detailed as possible to enable others to differentiate the legal entity issuing the security from another legal entity with a similar name.

Do not report ticker symbols, either internal or otherwise.

Column 36 – Issue

Issue information provides detailed data as to the type of security being reported (e.g., coupon, description of security, etc.). Below are examples of what could be provided, but additional information should be provided as appropriate for the security.

6% Senior 2018
7% Subordinated Debenture 03/15/2022
3% NY Housing Authority Debenture 2035

The reporting entity is encouraged to use the following sources:

- Bloomberg
- Interactive Data Corporation (IDC)
- Thomson Reuters
- S&P/CUSIP
- Descriptions used in either the relevant SEC filing or legal documentation for the transaction.

Do not report ticker symbols, either internal or otherwise. Include tranche information.

Column 37 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

Column 38 – Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA ~~or Fannie Mae~~) and Federal Home Loan Mortgage Corporation securities (FHLMC ~~or Freddie Mac~~) generally are senior debt, though there are examples of subordinated debt issued by ~~Fannie~~FNMA and ~~Freddie~~FHLMC. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of "Other" should rarely be used.

Capital structure includes ~~securities~~bonds subject to ~~*SSAP No. 26R—Bonds* and~~ *SSAP No. 43R—Asset-Backed Securities*.

1. Senior Secured Debt

   Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

   Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

   Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for asset-backed securities, this would include mezzanine tranches).

   (Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

   Securities where the capital structure 1 through 3 above do not apply.

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 8.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal Line 1909999999.

SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED DURING CURRENT YEAR

Detail Eliminated to Conserve Space

Bonds, preferred stocks and common stocks are to be grouped separately, showing subtotals for each category. Bonds should be grouped and arranged alphabetically as described in the instructions for Schedule D, Part 1, Sections 1 and 2. ~~(Securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Detail Eliminated to Conserve Space

Category	Line Number
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	~~0249999999~~0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Subtotals – Issuer Credit Obligations – Part 3	0509999997
Summary item from Part 5 for Issuer Credit Obligations	0509999998
Subtotals – Issuer Credit Obligations	0509999999

Asset-Backed Securities:

Financial Asset-Backed – Self-Liquidating

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC) 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)....................... 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) ... 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC).. 1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated) 1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated) 1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated) 1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated) 1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated) 1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated) 1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated) 1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated) 1129999999

Financial Asset-Backed – Not Self-Liquidating

Equity Backed Securities (Unaffiliated)... 1319999999
Equity Backed Securities (Affiliated) 1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated) 1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated) 1349999999

Non-Financial Asset-Backed Securities – Practical Expedient

Lease-Backed Securities – Practical Expedient (Unaffiliated)... 1519999999
Lease-Backed Securities – Practical Expedient (Affiliated).. 1529999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis

Lease-Backed Securities – Full Analysis (Unaffiliated).. 1719999999
Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)..................................... 1739999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated).. 1749999999

Subtotals – Asset-Backed Securities – Part 3 1909999997

Summary item from Part 5 for Asset-Backed Securities... 1909999998

Subtotals – Asset-Backed Securities 1909999999

Subtotals – Issuer Credit Obligations and Asset-Backed Securities.. 2009999999

~~Bonds:~~

~~U.S. Governments .... 0109999999~~

~~All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)......................... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations~~
~~of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities.. 1309999999~~

~~Parent, Subsidiaries and Affiliates... 1509999999~~

~~SVO Identified Funds.. 1619999999~~

~~Unaffiliated Bank Loans.. 1909999999~~

~~Unaffiliated Certificates of Deposit.. 2019999999~~

~~Subtotals – Bonds – Part 3.. 2509999997~~

~~Summary item from Part 5 for Bonds.. 2509999998~~

~~Subtotals – Bonds.. 2509999999~~

Include all bonds and stocks acquired during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). ~~Only those~~All asset-backed securities and bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R—Asset-Backed Securities* for additional guidance. Exclude cash equivalents and short-term investments as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 14.

Column 2 – Description

Give a description of all ~~bonds and preferred and common stocks~~investments. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 12, Issuer and Column 13, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter ~~complete~~ the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 12, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For asset-backed securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDO) or ~~CLOs CBOs (~~Collateralized ~~Loan~~ Bond Obligations (CBO), indicate what the CLO/CDO/~~CLO~~ CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the~~ ~~**list provided in the Investment Schedules General Instructions**~~~~.~~

Column 3~~4~~ – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations~~bonds~~ or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted. ~~All asset-backed securities shall be separately reported (no aggregation of separate acquisitions).~~

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter date of last purchase.

Column ~~5~~4 – Name of Vendor *(Detail Eliminated to Conserve Space)*
Column ~~7~~6 – Actual Cost *(Detail Eliminated to Conserve Space)*

Column ~~8~~7 – Par Value

For ~~mortgage-backed/loan~~asset-backed ~~and structured~~ securities, enter the par amount of principal purchased on a security on which the reporting entity has a claim. For ~~interest~~ interest-only bonds ~~investments~~ without a principal amount on which the reporting entity has a claim, use a zero value. ~~Enter the statement date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.~~

For preferred stock, enter par value per share of stock if any.

For SVO--Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter 0.

Column ~~9~~8 – Paid for Accrued Interest and Dividends

For SVO-–Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter amount of dividends on shares acquired between the dividend declaration date and the ex-dividend date.

**** Columns ~~10~~ 9 through ~~15~~ 14 will be electronic only. ****

Column 9 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 10 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~10~~11 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations

U.S. Government Obligations (Exempt from RBC) 0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC) 0029999999
Non-U.S. Sovereign Jurisdiction Securities 0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed) 0049999999
Municipal Bonds – Special Revenue 0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., "MO" for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC) 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC) 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

~~U.S. States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.~~

~~Column 11 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 12 – Issuer *(Detail Eliminated to Conserve Space)*
Column 13 – Issue *(Detail Eliminated to Conserve Space)*
Column 14 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 15~~ ~~Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE D – PART 4

LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF DURING CURRENT YEAR

Detail Eliminated to Conserve Space

Bonds, preferred stocks and common stocks are to be grouped separately, showing subtotals for each category. Bonds should be grouped and arranged alphabetically as described in the instructions for Schedule D, Part 1, Sections 1 and 2. ~~(Securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Detail Eliminated to Conserve Space

Category	Line Number
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Subtotals – Issuer Credit Obligations – Part 4	0509999997
Summary item from Part 5 for Issuer Credit Obligations	0509999998
Subtotals – Issuer Credit Obligations	0509999999

Asset-Backed Securities:

Financial Asset-Backed – Self-Liquidating

- Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC) ... 1019999999
- Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC) ... 1029999999
- Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) ... 1039999999
- Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed(Not Exempt from RBC) .. 1049999999
- Non-Agency Residential Mortgage-Backed Securities (Unaffiliated) ... 1059999999
- Non-Agency Residential Mortgage-Backed Securities (Affiliated) ... 1069999999
- Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated) ... 1079999999
- Non-Agency Commercial Mortgage-Backed Securities (Affiliated) ... 1089999999
- Non-Agency – CLOs/CBOs/CDOs (Unaffiliated) ... 1099999999
- Non-Agency – CLOs/CBOs/CDOs (Affiliated) ... 1109999999
- Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated) ... 1119999999
- Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated) ... 1129999999

Financial Asset-Backed – Not Self-Liquidating

- Equity Backed Securities (Unaffiliated) ... 1319999999
- Equity Backed Securities (Affiliated) ... 1329999999
- Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated) ... 1339999999
- Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated) ... 1349999999

Non-Financial Asset-Backed Securities – Practical Expedient

- Lease-Backed Securities – Practical Expedient (Unaffiliated) ... 1519999999
- Lease-Backed Securities – Practical Expedient (Affiliated) ... 1529999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) ... 1539999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) ... 1549999999

Non-Financial Asset-Backed Securities – Full Analysis

- Lease-Backed Securities – Full Analysis (Unaffiliated) ... 1719999999
- Lease-Backed Securities – Full Analysis (Affiliated) ... 1729999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) ... 1739999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) ... 1749999999

Subtotals – Asset-Backed Securities – Part 4 ... 1909999997

Summary item from Part 5 for Asset-Backed Securities ... 1909999998

Subtotals – Asset-Backed Securities ... 1909999999

Subtotals – Issuer Credit Obligations and Asset-Backed Securities ... 2009999999

~~Bonds:~~

- ~~U.S. Governments ... 0109999999~~
- ~~All Other Governments ... 0309999999~~
- ~~U.S. States, Territories and Possessions (Direct and Guaranteed) ... 0509999999~~
- ~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) ... 0709999999~~
- ~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions ... 0909999999~~
- ~~Industrial and Miscellaneous (Unaffiliated) ... 1109999999~~
- ~~Hybrid Securities ... 1309999999~~
- ~~Parent, Subsidiaries and Affiliates ... 1509999999~~
- ~~SVO Identified Funds ... 1619999999~~
- ~~Unaffiliated Bank Loans ... 1909999999~~
- ~~Unaffiliated Certificates of Deposit ... 2019999999~~
- ~~Subtotals – Bonds – Part 4 ... 2509999997~~
- ~~Summary item from Part 5 for Bonds ... 2509999998~~
- ~~Subtotals – Bonds ... 2509999999~~

Include all bonds and stocks disposed of during the year except for those acquired and fully disposed of during the year. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). ~~Only those~~All asset-backed securities and bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R—~~Loan-Backed and Structured~~Asset-Backed Securities* for additional guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

Column 2 – Description

Give a description of all bonds and preferred and common stock, including location of all banks, trust and miscellaneous companies. If bonds are serial issues, give amounts maturing each year. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter the ~~complete~~ name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For asset-backed securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDO) or ~~CLOs CBOs (~~Collateralized ~~Loan~~ Bond Obligations (CBO), indicate what the CLO/CDO/~~CLO~~ CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~4~~3 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks disposed of at public offerings on more than one date may be totaled on one line and the date of last disposal inserted. ~~All asset-backed securities shall be separately reported (no aggregation of separate disposals).~~

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter date of last disposal.

Column ~~5~~4 – Name of Purchaser

If matured or called under redemption option, so state and give price at which called.

Column ~~7~~6 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter price received at sale, usually the number of shares sold times the selling price per share.

Column ~~8~~7 – Par Value

For ~~mortgage-backed/loan-backed and structured~~asset-backed securities, enter the par amount of principal sold on a security on which the reporting entity has a claim. For ~~interest~~ interest-only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the sale date par value for bonds with adjustable principal. An interest only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock if any.

For SVO--Identified Funds (Exchange Traded Funds), enter 0.

Column ~~9~~8 – Actual Cost *(Detail Eliminated to Conserve Space)*
Column ~~10~~9 – Prior Year Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~11~~10 – Unrealized Valuation Increase/(Decrease) *(Detail Eliminated to Conserve Space)*
Column ~~12~~11 – Current Year's (Amortization)/Accretion *(Detail Eliminated to Conserve Space)*

Column ~~13~~12 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has ~~suffered~~ been identified with an "other-than-temporary impairment," ~~this column should contain~~ report the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column ~~14~~13 – Total Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~15~~14 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve)*
Column ~~16~~15 – Book/Adjusted Carrying Value at Disposal Date *(Detail Eliminated to Conserve Space)*
Column ~~17~~16 – Foreign Exchange Gain (Loss) on Disposal *(Detail Eliminated to Conserve Space)*

Column ~~18~~17 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For SVO-~~—~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter the difference between the consideration, Column ~~7~~ 6 and actual cost Column ~~9~~ 8 at date of sale.

Bonds called or tendered where consideration received exceeds par:

> For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of realized gain (loss) reported is equal to the Par value of the investment (Column ~~8~~7) less the B/ACV at the Disposal Date (Column ~~16~~15).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column ~~19~~18 – Total Gain (Loss) On Disposal

Enter the sum of Column ~~17~~16, foreign exchange gain or (loss), and Column ~~18~~17, realized gain or (loss).

Column ~~20~~19 – Bond Interest/Stock Dividends Received During Year

For SSAP No. 30R funds and ~~Mutual Funds (including Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds~~)~~, enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column ~~7~~6) less the Par value of the investment (Column ~~8~~7).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column ~~21~~20 – Stated Contractual Maturity Date

For SSAP No. 30R funds and SVO~~-~~-Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, leave blank.

For perpetual bonds, enter 01/01/9999.

**** Columns ~~22~~ 21 through ~~27~~ 26 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 22 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~22~~23 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations

U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., "MO" for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

~~U.S. States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.~~

~~Column 23 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 24 – Issuer *(Detail Eliminated to Conserve Space)*
Column 25 – Issue *(Detail Eliminated to Conserve Space)*
Column 26 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 27 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE D – PART 5

LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE YEAR AND FULLY DISPOSED OF DURING CURRENT YEAR

Detail Eliminated to Conserve Space

Bonds, preferred stocks and common stocks are to be grouped separately, showing subtotals for each category. Bonds should be grouped and arranged alphabetically as described in the instructions for Schedule D, Part 1, Sections 1 and 2. ~~(Securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Detail Eliminated to Conserve Space

Category	Line Number
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Subtotals – Issuer Credit Obligations	0509999998
Asset-Backed Securities:	
Financial Asset-Backed – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999

Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC).. 1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated) 1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated) 1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated) 1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated) 1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated) 1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated) 1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated) 1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated) 1129999999

Financial Asset-Backed – Not Self-Liquidating
Equity Backed Securities (Unaffiliated) 1319999999
Equity Backed Securities (Affiliated) 1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated) 1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated) 1349999999

Non-Financial Asset-Backed Securities – Practical Expedient
Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis
Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999

Subtotals – Asset-Backed Securities 1909999998

Subtotals – Issuer Credit Obligations and Asset-Backed Securities 2009999999

~~Bonds:~~

~~U.S. Governments .... 0109999999~~
~~All Other Governments .... 0309999999~~
~~U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~
~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~
~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~
~~Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~
~~Hybrid Securities .... 1309999999~~
~~Parent, Subsidiaries and Affiliates .... 1509999999~~
~~SVO Identified Funds .... 1619999999~~
~~Unaffiliated Bank Loans .... 1909999999~~
~~Unaffiliated Certificates of Deposit .... 2019999999~~
~~Subtotals – Bonds .... 2509999998~~

~~Only those~~All asset-backed securities and bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). Refer to *SSAP No. 43R—~~Loan-Backed and Structured~~Asset-Backed Securities* for accounting guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* with original maturities of three months or less.

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 26.

Column 2 – Description

Give a description of all bonds and preferred and common stocks, including location of all banks, trust and miscellaneous companies. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 24, Issuer and Column 25, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter ~~complete~~ the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 24, Issuer.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit. As appropriate, the name of the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For asset-backed securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDO) or ~~CLOs CBOs (~~Collateralized ~~Loan~~ Bond Obligations (CBO), indicate what the CLO/CDO/~~CLO~~ CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~4~~3 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks acquired at public offerings on more than one date and insert the date of last acquisition.~~All asset-backed securities shall be separately reported (no aggregation of separate acquisitions~~).

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter date of last purchase.

Column ~~5~~4 – Name of Vendor *(Detail Eliminated to Conserve Space)*

Column ~~6~~5 – Disposal Date

For public placements use trade date, not settlement date. For private placements, use funding date. Reporting entities may total on one line each issue of bonds or stocks disposed of at public offerings on more than one date and insert the date of last disposal. ~~All asset-backed securities shall be separately reported (no aggregation of separate disposals).~~

For SVO-~~-~~Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter date of last disposal.

Column ~~7~~6 – Name of Purchaser *(Detail Eliminated to Conserve Space)*
Column ~~9~~8 – Actual Cost *(Detail Eliminated to Conserve Space)*

Column ~~10~~9 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For SVO--Identified ~~Funds (~~Bond Exchange Traded Funds~~)~~, enter price received at sale, usually the number of shares sold times the selling price per share.

Column ~~11~~10 – Book/Adjusted Carrying Value at Disposal *(Detail Eliminated to Conserve Space)*
Column ~~13~~12 – Current Year's (Amortization)/Accretion *(Detail Eliminated to Conserve Space)*

Column ~~14~~13 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has ~~suffered~~ been identified with an "other-than-temporary impairment," ~~this column should contain~~ report the amount of the direct write-down recognized. The amounts in this column are to be reported as realized capital losses in the Exhibit of Capital Gains/(Losses) and in the calculation of Net Income.

Column ~~15~~14 – Total Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~16~~15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve)*
Column ~~17~~16 – Foreign Exchange Gain (Loss) On Disposal *(Detail Eliminated to Conserve Space)*
Column ~~18~~17 – Realized Gain (Loss) on Disposal *(Detail Eliminated to Conserve Space)*
Column ~~19~~18 – Total Gain (Loss) On Disposal *(Detail Eliminated to Conserve Space)*
Column ~~20~~19 – Interest and Dividends Received During Year *(Detail Eliminated to Conserve Space)*

**** Columns ~~22~~ 21 through ~~27~~ 26 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 22 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~22~~23 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations

U.S. Government Obligations (Exempt from RBC) 0019999999
Other U.S. Government ~~Securities~~Obligations (Non Exempt from RBC).................... 0029999999
Non-U.S. Sovereign Jurisdiction Securities 0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed) 0049999999
Municipal Bonds – Special Revenue 0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., "MO" for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)... 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC). 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

~~U.S. States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include appropriate state abbreviation for the state where the security is issued. Use "US" for federal agency issues.~~

~~Column 23 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 24 – Issuer *(Detail Eliminated to Conserve Space)*
Column 25 – Issue *(Detail Eliminated to Conserve Space)*
Column 26 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 27 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SUMMARY INVESTMENT SCHEDULE

This schedule was developed to assist regulators in identifying and analyzing the risks inherent in a portfolio of securities as well as identifying the differences in valuation and admission between those practices prescribed or permitted by the state of domicile and those set forth in the NAIC *Accounting Practices and Procedures Manual*. This schedule includes only those assets from the general account. The line captions were developed with the intention of grouping securities with common risk characteristics together. These groupings were determined based upon a review of schedules within the NAIC Annual Statement and the Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (FFIEC 031, also known as the "Call Report").

Column 1 – Gross Investment Holdings – Amount

This column represents the value reported on the Investment Schedules. The amounts reported in this column should tie to Column 1 of the Asset Page.

Column 2 – Gross Investment Holdings – Percentage

Amount represents the percentage of the individual Column 1 line item to the Total Invested Assets amount presented in Column 1, Line ~~13~~14.

Column 3 – Admitted Assets as Reported in the Annual Statement – Amount

This column represents the admitted value of an asset determined by applying the valuation procedures and admission criteria prescribed or permitted by the state of domicile (i.e., the basis of admitted assets reported in the Annual Statement). A variation between the amounts in Column 1 and Column 3 would indicate that a reporting entity valued or admitted an asset differently under its state law than it would have under the NAIC *Accounting Practices and Procedures Manual*. An example includes a case where an entity was required to nonadmit an asset under its state investment law but was not required to nonadmit under the NAIC *Accounting Practices and Procedures Manual* because there are no investment limits within the Manual. Another example includes a case where an entity was not able to admit an asset under the NAIC *Accounting Practices and Procedures Manual* (i.e., it did not meet the requirements of *SSAP No. 4—Assets and Nonadmitted Assets*) but was able to admit the asset under the basket clause within the state investment law. This Column should tie to Column 3 of the Asset page.

Column 4 – Admitted Assets as Reported in the Annual Statement – Securities Lending Reinvested Collateral Amount

This column represents Schedule DL, Part 1 (Page 2, Line 10) reflected in their respective investment categories.

Line ~~13~~14, Total Invested Assets should equal Column 3, Line ~~11~~12, Securities Lending.

Column 5 – Admitted Assets as Reported in the Annual Statement – Total Amount

For Lines 1 through ~~10~~11, Column 5 should equal Column 3 plus Column 4.

For Line ~~13~~14, Column 5 should equal Column 3, Line ~~13~~ 14 plus Column 4, Line ~~13~~ 14 minus Column 3,
Line ~~11~~12.

Column 6 – Admitted Assets as Reported in the Annual Statement – Percentage

Amount represents the percentage of the individual Column 5 line item to the Total Invested Assets amount presented in Column 5, Line ~~13~~14.

Line 1.01 – U.S. Government~~s~~ Obligations (Exempt from RBC)

Include: The value of all U.S. Government ~~securities~~ obligations defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. ~~Also include the value of all securities issued from agencies that are not backed by the full faith and credit of the U.S. Government but have a filing exemption detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* based on analytical judgement.~~

Column 1 should equal the Schedule D, Part 1, Section 1, Line ~~0109999999~~0019999999 ~~plus Line 0029999999~~.

Line 1.02 – Other U.S. Government Obligations (Not Exempt from RBC)

Include: The value of all bonds issued from agencies that are not backed by the full faith and credit of the U.S. Government but have a filing exemption detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* based on analytical judgement.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0029999999.

Line 1.~~02~~03 – ~~All other Governments~~Non-U.S. Sovereign Jurisdiction Securities

Include: The value of all ~~investments~~ bonds issued by non-U.S. sovereign governments, including bonds of political subdivisions and special revenue. This also includes bonds issued by utilities owned by non-U.S. governments and bonds fully guaranteed by non-U.S. governments.

Column 1 should equal the Schedule D, Part 1, Section 1, Line ~~0309999999~~0039999999.

Line 1.~~03~~04 – ~~U.S. States, Territories and Possessions, etc. Guaranteed~~Municipal Bonds – General Obligations (Direct & Guaranteed

Include: The value of ~~general obligations of these entities (NAIC members), as well as bonds issued by utility companies owned by these entities.securities~~bonds issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects that are not secured by specific assets, but are backed by the "full faith and credit" (taxing power) of the issuer. ~~Also include the value of securities issued by states, cities, counties, and other governmental entities to finance projects not backed by the taxing power of the issuer, but by revenues from the specific project or source. Also include other municipal securities that do not qualify as general obligation.~~

Column 1 should equal the Schedule D, Part 1, Section 1, Line ~~0509999999~~0049999999 ~~plus Line 0059999999~~.

Line 1.05 – Municipal Bonds – Special Revenue

Include: The value of bonds issued by states, cities, counties, and other governmental entities to finance projects not backed by the taxing power of the issuer, but by revenues from the specific project or source. Also include other municipal securities that do not qualify as general obligation.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0059999999.

Line 1.06 – Project Finance Bonds Issued by Operating Entities

Include: Include non-municipal securitiesbonds issued by an operating entity as defined in SSAP No. 26R – Bonds, that finances a single asset or operation (such as a toll road or power generation facility). For these investments, the asset or operation collateralizes the issuance and the cash flows produced satisfy the debt payments. The use of a bankruptcy remote entity (e.g., Special Purpose Vehicle) does not preclude reporting in this category when the entity is determined to represent an operating entity and the primary purpose of the debt issuance is to finance a specific operating project for the operating entity.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0069999999 plus Line 0079999999.

Line 1.07 – Corporate Bonds

Include: Issuer credit obligation issued by a company to raise capital and support company operations. Include convertible bonds, but not mandatory convertible bonds which are included in a separate category.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0089999999 plus Line 0099999999.

Line 1.08 – Mandatory Convertible Bonds

Include: A type of convertible bond that has a required conversion or redemption feature. Either on or before a contractual conversion date, the holder must convert the mandatory convertible into underlying common stock.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0109999999 plus Line 0119999999.

Line 1.09 – Single Entity Backed Obligations

Include: Bonds for which repayment is fully supported by an underlying contractual obligation of a single operating entity. This does not include corporate bonds or project finance structures.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0129999999 plus Line 0139999999.

Line 1.~~04~~10 – ~~U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed~~SVO-Identified Funds – Fair Value~~/ Mortgage Loans~~

Include: The value of all SVO-Identified Bond Exchange Traded Funds (ETF) included on the "SVO-Identified Bond ETF List" as published on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*) that do not qualify for, or for which the reporting entity has elected not to report at systematic value. ~~Also include the value of all mortgage loans, in scope of *SSAP No. 37 – Mortgage Loans*, that have been filed with the SVO and included on the SVO Identified Credit Tenant Loan listing.The value of general obligations of cities, counties, townships, etc., as well as bonds issued by utility companies owned by these entities.~~

Column 1 should equal the Schedule D, Part 1, Section 1, ~~Sum of~~ Line~~s~~ ~~0709999999~~0149999999~~0159999999, 0229999999 and 0239999999~~.

Line 1.11 – SVO-Identified Funds – Systematic Value

Include: The value of all SVO-Identified Bond Exchange Traded Funds (ETF) included on the "SVO-Identified Bond ETF List" as published on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm)* that qualify for, and that the reporting entity has elected to report, at systematic value.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0159999999.

Line 1.12 – Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS

Include: Bonds issued by SEC-registered business development corporates, closed-end funds or similar operating entities registered under the 1940 Act.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0169999999 plus Line 0179999999.

Line 1.13 – Bank Loans - Issued

Include: Bank loans in this category shall be obligations of operating entities acquired directly at issuance by a reporting entity

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0189999999 plus Line 0199999999.

Line 1.14 – Bank Loans - Acquired

Include: Bank loans in this category shall be obligations of operating entities acquired through an assignment, participation or syndication.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0209999999 plus Line 0219999999.

Line 1.15 – Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans

Include: Mortgage loans, in scope of SSAP No. 37—Mortgage Loans, that have been filed with the SVO and included on the SVO-Identified Credit Tenant Loan listing. Investments in the form of security structures shall not be captured on this reporting line. Security structures supported by a credit tenant lease shall be reported as single entity back obligations (if qualifying) or captured in the appropriate reporting line for Asset-Backed Securities.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0229999999 plus Line 0239999999.

Line 1.16 – Certificates of Deposit

Include: Certificates of deposit that have a maturity date in excess of one year from the date of acquisition.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0249999999 plus Line 0259999999.

Line 1.~~05~~17 – ~~U.S. Special Revenue & Special Assessment Obligations, etc. Non-Guaranteed~~All Other Issuer Credit Obligations ~~(Unaffiliated)~~

Include: The value of ~~those U.S. government issues not listed as "Securities That Are Considered "Exempt Obligations" For Purposes of Determining The Asset Valuation Reserve And The Risk-Based Capital Calculation" in the *Purposes and Procedures manual of the NAIC Investment Analysis Office*, yet included as "Filing Exemptions for Other U.S. Government Obligations". This category also includes bonds that are issued by states, territories, possessions and other political subdivisions that are issued for a specific financing project rather than as general obligation bonds.~~all other issuer credit obligations. ~~that are unaffiliated.~~

Column 1 should equal the Schedule D, Part 1, Section 1, ~~Sum of~~ Lines ~~0909999999~~~~0069999999, 0089999999, 0109999999, 0129999999, 0169999999, 0189999999, 0209999999, 0249999999 and 0259999999~~0269999999 plus Line 0279999999

~~Line 1.06 Industrial and MiscellaneousAll Other Issuer Credit Obligations (Affiliated)~~

~~Include: The value of all other issuer credit obligations that are affiliated.all non-governmental issues that do not qualify for some other bond category, including privatized (non-government ownership) utility companies. Include Public Utilities.~~

~~Column 1 should equal the Schedule D, Part 1, Line 11099999990079999999, 0099999999, 0119999999, 0139999999, 0179999999, 0199999999, 0219999999 and 0269999999~~

~~Line 1.07 Hybrid Securities~~

~~Include: The value of securities whose proceeds are accorded some degree of equity treatment by one or more of the nationally recognized statistical rating organizations and/or that are recognized as regulatory capital by the issuer's primary regulatory authority.~~

~~Column 1 should equal the Schedule D, Part 1, Line 1309999999.~~

~~Line 1.08 Parent, Subsidiaries and Affiliates~~

~~Include: The value of all affiliated debt securities as defined under *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.~~

~~Column 1 should equal the Schedule D, Part 1, Line 1509999999.~~

~~Line 1.09 SVO Identified Funds~~

~~Include: The value of all Exchange Traded Funds (ETF) included on the "SVO Identified Bond ETF List" as published on the Securities Valuation Office Web page (*https://www.naic.org/svo.htm*) that the SVO has determined are in scope of *SSAP No. 26R - Bonds* and can be reported on Schedule D, Part 1 and the SVO assigned a NAIC Designation, NAIC Designation Category and SVO Administrative Symbol published in the NAIC's AVS+ system per the instructions in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* on the Compilation and Publication of the SVO List of Investment Securities.~~

~~Column 1 should equal the Schedule D, Part 1, Line 1619999999.~~

~~Line 1.10 Unaffiliated Bank Loans~~

~~Include: The value of all Unaffiliated Bank Loans that are within the scope of *SSAP No. 26R—Bonds*.~~

~~Column 1 should equal the Schedule D, Part 1, Line 1909999999.~~

~~Line 1.11 Unaffiliated Certificates of Deposit~~

~~Include: The value of all Unaffiliated Certificates of Deposit that are within the scope of *SSAP No. 26R—Bonds*.~~

~~Column 1 should equal the Schedule D, Part 1, Line 2019999999.~~

Line 1.~~1207~~18 – Total ~~Long-Term Bonds~~Issuer Credit Obligations

Sum of Lines 1.01 to 1.~~1106~~17.

Column 1 should equal the Schedule D, Part 1, Section 1, Line 0509999999

~~The amount reported in Column 1 should equal the amount reported in Line 1, Column 1, Page 2, Assets.~~

~~The amount reported in Column 3 should equal the amount reported in Line 1, Column 3, Page 2, Assets.~~

Line 2.01 – Financial Asset-Backed Securities Self-Liquidating ~~(Unaffiliated)~~

Include: Include residential and commercial mortgage-backed securities that are self-liquidating ~~and unaffiliated~~.

Column 1 should equal the Schedule D, Part 1, Section 2, Sum of Lines 1019999999, 1029999999, 1039999999, 1049999999, 1059999999, 1069999999, 1079999999, 1089999999, 1099999999, 1109999999, 1119999999, and 1129999999.

~~Line 2.02 Financial Asset-Backed Securities Self-Liquidating (Affiliated)~~

~~Include: Include residential and commercial mortgage-backed securities that are self-liquidating and affiliated.~~

~~Column 1 should equal the Schedule D, Part 1, Section 2, Sum of Lines 1069999999, 1089999999, 1109999999 and 1129999999.~~

Line 2.~~3~~02 – Financial Asset-Backed Securities Not Self-Liquidating ~~(Unaffiliated)~~

Include: Include all ~~unaffiliated~~ financial asset-backed securities where the structure does not represent a design where the underlying collateral converts into cash over a period of time.

Column 1 should equal the Schedule D, Part 1, Section 2, Sum of Lines 1319999999, 1329999999, 1339999999, and 1349999999.

~~Line 2.04 Financial Asset-Backed Securities Not Self-Liquidating(Affiliated)~~

~~Include: Include all affiliated financial asset-backed securities where the structure does not represent a design where the underlying collateral converts into cash over a period of time.~~

~~Column 1 should equal the Schedule D, Part 1, Section 2, Line 1329999999 plus Line 1349999999.~~

Line 2.~~5~~03 – Non-Financial Asset-Backed Securities ~~(Unaffiliated)~~

Include: Include ~~unaffiliated~~ bonds backed by assets that are expected to generate a meaningful level of cash flows toward repayment of the bond through use, licensing, leasing, servicing or management fees, or other similar cash flow generation.

Column 1 should equal the Schedule D, Part 1, Section 2, Sum of Lines 1519999999, 1529999999, 1539999999, 1549999999, 1719999999, 1729999999, 1739999999 and 1749999999.

~~Line 2.06 – Non-Financial Asset-Backed Securities (Affiliated)~~

~~Include: Include affiliated bonds backed by assets that are expected to generate a meaningful level of cash flows toward repayment of the bond through use, licensing, leasing, servicing or management fees, or other similar cash flow generation.~~

~~Column 1 should equal the Schedule D, Part 1, Section 2, Sum of Lines 1529999999, 1549999999, 1729999999 and 1749999999.~~

Line 2.~~07~~04 – Total Asset-Backed Securities

Sum of Lines 2.01 to 2.~~06~~03.

Column 1 should equal the Schedule D, Part 1, Section 2, Line 1909999999

The amount reported in Column 1, Line 1.~~07~~18 plus Line 2.~~07~~04 should equal the amount reported in Line 1, Column 1, Page 2, Assets.

The amount reported in Column 3, Line 1.~~07~~18 plus Line 2.~~07~~04 should equal the amount reported in Line 1, Column 3, Page 2, Assets.

Line ~~2~~3.01 – Preferred Stocks – Industrial and Miscellaneous (Unaffiliated) *(Detail Eliminated to Conserve Space)*
Line ~~2~~3.02 – Preferred Stocks – Parent, Subsidiaries and Affiliates *(Detail Eliminated to Conserve Space)*

Line ~~2~~3.03 – Total Preferred Stocks

Sum of Lines ~~2~~3.01 to ~~2~~3.02.

The amount reported in Column 1 should equal the amount reported in Line 2.1, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 2.1, Column 3, Page 2, Assets.

Line ~~3~~4.01 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Publicly Traded

Include: The value of all investments in the common stock of unaffiliated entities. Publicly traded common stock includes, but is not limited to, equity securities traded on a public exchange, master limited partnerships trading as common stock and American deposit receipts only if the security is traded on the New York, American or NASDAQ exchanges, and publicly traded common stock warrants.

Exclude: Mutual funds that should be reported on Line ~~3~~4.05.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 5019999999.

Line ~~3~~4.02 – Common Stocks – Industrial and Miscellaneous (Unaffiliated) Other

Include: The value of all industrial and miscellaneous common stock of unaffiliated entities not reported in Line 3.1. Includes, but is not limited to:

(1) Equity securities not traded on a public exchange (e.g., private equities).

(2) Master limited partnership common stock not traded on the New York, American or NASDAQ exchanges.

Exclude: Mutual funds that should be reported on Line ~~3~~4.05.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 5029999999.

Line ~~3~~4.03 – Common Stocks – Parent, Subsidiary and Affiliates Publicly Traded *(Detail Eliminated to Conserve)*

Line ~~3~~4.04 – Common Stocks – Parent, Subsidiary and Affiliates Other

Include: The value of all unaffiliated entities not reported in Line ~~3~~4.03.

Column 1 should equal the Schedule D, Part 2, Section 2, Line 5929999999.

Line ~~3~~4.05 – Common Stocks – Mutual Funds *(Detail Eliminated to Conserve Space)*
Line ~~3~~4.06 – Common Stocks – Unit Investment Trusts *(Detail Eliminated to Conserve Space)*
Line ~~3~~4.07 – Common Stocks – Closed-End Funds *(Detail Eliminated to Conserve Space)*
Line ~~3~~4.08 – Common Stocks – Exchange Traded Funds *(Detail Eliminated to Conserve Space)*

Line ~~3~~4.09 – Total Common Stocks

Sum of Lines ~~3~~4.01 to ~~3~~4.08.

The amount reported in Column 1 should equal the amount reported in Line 2.2, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 2.2, Column 3, Page 2, Assets.

Line ~~4~~5.01 – Mortgage Loans – Farm Mortgages *(Detail Eliminated to Conserve Space)*
Line ~~4~~5.02 – Mortgage Loans – Residential Mortgages *(Detail Eliminated to Conserve Space)*
Line ~~4~~5.03 – Mortgage Loans – Commercial Mortgages *(Detail Eliminated to Conserve Space)*
Line ~~4~~5.04 – Mortgage Loans – Mezzanine Real Estate Loans *(Detail Eliminated to Conserve Space)*
Line ~~4~~5.05 – Total Valuation allowance *(Detail Eliminated to Conserve Space)*

Line ~~4~~5.06 – Total Mortgage Loans

Sum of Lines ~~4~~5.01 to ~~4~~5.05.

The amount reported in Column 1 should equal the amount reported in Line 3.1 plus Line 3.2, Column 1, Page 2, Assets.

The amount reported in Column 3 should equal the amount reported in Line 3.1 plus Line 3.2, Column 3, Page 2, Assets.

Line ~~5~~6 – Real Estate

Include: Properties occupied by the company. (Line ~~5~~6.01).

Properties held for the production of income. (Line ~~5~~6.02).

Properties held for sale. (Line ~~5~~6.03).

Line ~~5~~6.01, Column 1 should equal the amount reported in Line 4.1, Column 1, Page 2, Assets.

Line ~~5~~6.01, Column 3 should equal the amount reported in Line 4.1, Column 3, Page 2, Assets.

Line ~~5~~6.02, Column 1 should equal the amount reported in Line 4.2, Column 1, Page 2, Assets.

Line ~~5~~6.02, Column 3 should equal the amount reported in Line 4.2, Column 3, Page 2, Assets.

Line ~~5~~6.03, Column 1 should equal the amount reported in Line 4.3, Column 1, Page 2, Assets.

Line ~~5~~6.03, Column 3 should equal the amount reported in Line 4.3, Column 3, Page 2, Assets.

Line ~~6~~7.01 – Cash *(Detail Eliminated to Conserve Space)*
Line ~~6~~7.02 – Cash Equivalents *(Detail Eliminated to Conserve Space)*
Line ~~6~~7.03 – Short Term Investments *(Detail Eliminated to Conserve Space)*

Line ~~6~~7.04 – Cash, Cash Equivalents and Short-term investments

Sum of Lines ~~6~~7.01 to ~~6~~7.03.

Column 1 should equal the amount reported in Line 5, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 5, Column 3, Page 2, Assets.

Line ~~7~~8 – Contract Loans *(Detail Eliminated to Conserve Space)*
Line ~~8~~9 – Derivatives (Detail Eliminated to Conserve Space)
Line ~~9~~10 – Other Invested Assets *(Detail Eliminated to Conserve Space)*
Line ~~10~~11 – Receivables for Securities *(Detail Eliminated to Conserve Space)*
Line ~~11~~12 – Securities Lending (Reinvested Collateral Line 10, Asset Page) *(Detail Eliminated to Conserve Space)*

Line ~~12~~13 – Other Invested Assets (Page 2, Line 11)

Include: The value of all other invested assets that have not been included in Lines 1 through ~~11~~ 12 above.

Column 1 should equal the amount reported in Line 11, Column 1, Page 2, Assets.

Column 3 should equal the amount reported in Line 11, Column 3, Page 2, Assets.

Line ~~13~~14 – Total Invested Assets

Sum of Lines 1 to ~~12~~13. The amount reported in Column 1 should equal the amount of total invested assets reported in Line 12~~13~~, Column 1, Page 2, Assets.

Sum of Lines 1 to ~~12~~13. The amount reported in Column 3 should equal the amount of total invested assets reported in Line 12~~13~~, Column 3, Page 2, Assets.

SCHEDULE D – VERIFICATION BETWEEN YEARS

BONDS AND STOCKS

The categories of bonds and stocks to be reported are: issuer credit obligations; asset-backed securities; preferred stocks; and common stocks. A grand total of all activity is also required.

Column 1 – Total

Equals the sum of Columns 2 through 5.

Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year

In Column 1, ~~Report~~ report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D, Verification Between Years, of the prior year's annual statement.

Line 2 – Cost of Bonds and Stocks Acquired

Report the actual cost to acquire bonds and stocks for the year. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 3 – Accrual of Discount

Report the total amount of discount accrued for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Section 1, Column ~~13~~ 10, Schedule D, Part 1, Section 2, Column 10 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column ~~12~~11.

Line 4 – Unrealized Valuation Increase/(Decrease)

In Column 1, ~~Report~~ report the total unrealized valuation increase/(decrease) for the year.

Column 2 should equal Schedule D, Part 1, Section 1, Column 9 plus Schedule D, Part 4, Column 10, Line 0509999999

Column 3 should equal Schedule D, Part 1, Section 2, Column 9 plus Schedule D, Part 4, Column 10, Line 1909999999

Column 4 should equal Schedule D, Part 2, Section 1, Column 15 plus Schedule D, Part 4, Column 10, Line 4509999999

Column 5 should equal Schedule D, Part 2, Section 2, Column 13 plus Schedule D, Part 4, Column 10, Line 5989999999

Line 5 – Total Gain (Loss) on Disposals

Report the gain (loss) on sales of bonds and stocks for the year.

Line 6 – ~~Deduct~~ Consideration for Bonds and Stocks Disposed ~~of During the Year~~

Report the total considerations received on bonds and stocks for the year.

Line 7 – ~~Deduct~~ Amortization of Premium

Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Section 1, Column ~~13~~ 10, Schedule D, Part 1, Section 2, Column 10 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column ~~12~~11.

Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value

In Column 1, ~~Report~~ report the unrealized foreign exchange gain or (loss) for the year.

Column 2 should equal Schedule D, Part 1, Section 1, Column 12 plus Schedule D, Part 4, Column 14, Line 0509999999

Column 3 should equal Schedule D, Part 1, Section 2, Column 12 plus Schedule D, Part 4, Column 14, Line 1909999999

Column 4 should equal Schedule D, Part 2, Section 1, Column 19 plus Schedule D, Part 4, Column 14, Line 4509999999

Column 5 should equal Schedule D, Part 2, Section 2, Column 16 plus Schedule D, Part 4, Column 14, Line 5989999999

Line 9 – ~~Deduct~~ Current Year's Other-Than-Temporary Impairment Recognized

In Column 1, ~~Report~~ report the other-than-temporary impairments for the year.

Column 2 should equal Schedule D, Part 1, Section 1, Column 11 plus Schedule D, Part 4, Column 12, Line 0509999999

Column 3 should equal Schedule D, Part 1, Section 2, Column 11 plus Schedule D, Part 4, Column 12, Line 1909999999

Column 4 should equal Schedule D, Part 2, Section 1, Column 17 plus Schedule D, Part 4, Column 12, Line 4509999999

Column 5 should equal Schedule D, Part 2, Section 2, Column 14 plus Schedule D, Part 4, Column 12, Line 5989999999

Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Report only the total investment income recognized, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the year, as a result of a prepayment penalty and/or acceleration fee. Line 10 should equal Note 5, Line 5Q(2).

Line 11 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line 11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

Line 12 – ~~Deduct~~ Total Nonadmitted Amounts

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

Line 13 – Statement Value of Bonds and Stocks, Current Period

This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

SCHEDULE D – SUMMARY BY COUNTRY

LONG-TERM BONDS AND STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Enter summarized amounts in the appropriate columns by the specified major classifications, subdividing into United States, Canada, and Other Countries where applicable. For purposes of this schedule, investments in Other Countries are considered Foreign Investments. For the definition of Foreign Investment, and Domestic Investment, see instructions to the Supplemental Investment Risk Interrogatories.

Column 2 – Fair Value

For certain bonds, values other than actual market may appear in this column. (See Schedule D, Part 1 instructions for details.)

Exclude: Accrued interest.

Column 3 – Actual Cost

Include: Brokerage and other related fees, to the extent they do not exceed the fair market value at the date of acquisition.

Exclude: Accrued interest.

~~Lines 8 through 11 Bonds – Industrial and Miscellaneous, SVO Identified Funds, Unaffiliated Bank Loans, Unaffiliated Certificates of Deposit and Hybrid Securities (Unaffiliated)~~

~~Include: Exchange Traded Funds – as Identified by the SVO reported in Schedule D, Part 1.~~

~~Unaffiliated Bank Loans reported on Schedule D, Part 1.~~

~~Unaffiliated Certificates of Deposits reported on Schedule D, Part 1.~~

Lines 1 Through 4 – Governments and Municipalities

Include the following categories:

U.S. Government Obligations 0019999999
Other U.S. Government Securities 0029999999
Non-U.S. Sovereign Jurisdiction Securities 0039999999
Municipal Bonds – General Obligations (Direct & Guaranteed) 0049999999
Municipal Bonds – Special Revenue 0059999999

Lines 5 Through 8 – All Other Issuer Credit Obligations (Unaffiliated)

Include the following categories:

Project Finance Bonds Issued by Operating Entities (Unaffiliated) 0069999999
Corporate Bonds (Unaffiliated) 0089999999
Mandatory Convertible Bonds (Unaffiliated) 0109999999
Single Entity Backed Obligations (Unaffiliated) 0129999999
SVO-Identified Bond Exchange Traded Funds – Fair Value 0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value 0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated) 0169999999
Bank Loans – Issued (Unaffiliated) 0189999999
Bank Loans – Acquired (Unaffiliated) 0209999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaff.) 0229999999
Certificates of Deposit (Unaffiliated) 0249999999
Other Issuer Credit Obligations (Unaffiliated) 0269999999

Line 9 – All Other Issuer Credit Obligations (Affiliated)

Include the following categories:

Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Affiliated)	0139999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans – Issued (Affiliated)	0199999999
Bank Loans – Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Affiliated)	0279999999

Line ~~13~~17 – Total Bonds

Columns 1, 2, 3, and 4 should agree with Columns ~~11~~8, ~~9~~7, ~~7~~ 5 and ~~10~~6, respectively, in Schedule D, Part 1, Sections 1 and 2.

Column 1 should equal Column 1, Line 1 of the Assets page.

SCHEDULE D – PART 1A~~ – SECTION 1~~

**QUALITY AND MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31
BY MAJOR TYPE AND NAIC DESIGNATION**

The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by quality, designation, maturity and bond categories. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk.

The maturity category for a particular holding is determined by the following criteria:

a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.

b. (i) ~~Mortgage-backed/loan-backed and structured~~Asset-backed securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R*~~—~~ ~~*Loan-Backed and Structured*~~*Asset-Backed Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.

(ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.

(iii) SVO-Identified Bond Exchange Traded Funds ~~— as Identified by the SVO~~ (as described in the Investment Schedules General Instructions) should be reported in Column 6, “No Maturity Date” in Section 9 “SVO-~~-~~Identified Funds.” Only funds reported in Section 9 would be reported in Column 6.

c. Place all holdings in default as to principal or interest in the “Over 20 years” category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.

d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the “Over 20 years” category, or earlier if justifiable.

There are ~~15~~ 54 sections to this schedule: Sections 1 through ~~11~~ 50 for each of the ~~11~~ 50 bond categories, Section ~~12~~ 51 for total bonds current year, Section ~~13~~ 52 for total bonds prior year, Section ~~14~~ 53 for total bonds publicly traded and Section ~~15~~ 54 for total bonds privately placed. The ~~11~~ 50 bond categories combine corresponding subtotals from Schedule D, Part 1, Sections 1 and 2; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those ~~11~~ 50 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:

Section 1. U.S. Government~~s~~ Obligations (Exempt from RBC)

Line ~~0109999999~~ 0019999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 2. ~~All~~ Other U.S. Government~~s~~ Securities (Not Exempt from RBC)

Line~~s~~ ~~0309999999~~ 0029999999 from Schedule D, Part 1, Section 1, Column 8~~11~~; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 3. ~~U.S. States, Territories and Possessions, Guaranteed~~Non-U.S. Sovereign Jurisdiction Securities

Line~~s~~ ~~0509999999~~ 0039999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 4. ~~U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed~~Municipal Bonds – General Obligations

Line~~s~~ ~~0709999999~~ 0049999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 5. ~~U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed~~Municipal Bonds – Special Revenue

Line~~s~~ ~~0909999999~~ 0059999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 6. ~~Industrial & Miscellaneous (Unaffiliated)~~Project Finance Bonds Issued by Operating Entities (Unaffiliated)

Line ~~1109999999~~ 0069999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 7. ~~Hybrid Securities~~Project Finance Bonds Issued by Operating Entities (Affiliated)

Line~~s~~ ~~1309999999~~ 0079999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 8. ~~Parent, Subsidiaries and Affiliates~~Corporate Bonds (Unaffiliated)

Line~~s~~ ~~1509999999~~ 0089999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 9. ~~SVO Identified Funds~~Corporate Bonds (Affiliated)

Line~~s~~ ~~1619999999~~ 0099999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 10. ~~Unaffiliated Bank Loans~~Mandatory Convertible Bonds (Unaffiliated)

Line~~s~~ ~~1909999999~~ 0109999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 11. ~~Unaffiliated Certificates of Deposit~~Mandatory Convertible Bonds (Affiliated)

Line~~s~~ ~~2019999999~~ 0119999999 from Schedule D, Part 1, Section 1, Column ~~11~~8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.~~.~~

Section 12. Single Entity Backed Obligations (Unaffiliated)

Line 0129999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 13. Single Entity Backed Obligations (Affiliated)

Line 0139999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 14. SVO-Identified Bond Exchange Traded Funds – Fair Value

Line 0149999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 15. SVO-Identified Bond Exchange Traded Funds – Systematic Value

Line 0159999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 16. Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)

Line 0169999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 17. Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)

Line 0179999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 18. Bank Loans - Issued (Unaffiliated)

Line 0189999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 19. Bank Loans - Issued (Affiliated)

Line 0199999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 20. Bank Loans - Acquired (Unaffiliated)

Line 0209999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 21. Bank Loans - Acquired (Affiliated)

Line 0219999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 22. Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)

Line 0229999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 23. Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)

Line 0239999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section 24. Certificates of Deposit (Unaffiliated)

Line 0249999999 from Schedule D, Part 1, Section 1, Column 8.

Section 25. Certificates of Deposit (Affiliated)

Line 0259999999 from Schedule D, Part 1, Section 1, Column 8.

Section ~~5~~26. Other Issuer Credit Obligations (Unaffiliated)

Line ~~0259999999~~0269999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section ~~6~~27. Other Issuer Credit Obligations (Affiliated)

Line ~~0269999999~~0279999999 from Schedule D, Part 1, Section 1, Column 8; Schedule DA, Part 1, Column ~~7~~6; and Schedule E, Part 2, Column 7.

Section ~~7~~28. Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)

Line 1019999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~8~~29. Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)

Line 1029999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~29~~30. Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt From RBC)

Line 1039999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~0~~31. Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt From RBC)

Line 1049999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~1~~32. Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)

Line 1059999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~2~~33. Non-Agency Residential Mortgage-Backed Securities (Affiliated)

Line 1069999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~3~~34. Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)

Line 1079999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~4~~35. Non-Agency Commercial Mortgage-Backed Securities (Affiliated)

Line 1089999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~5~~36. Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)

Line 1099999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~6~~37. Non-Agency – CLOs/CBOs/CDOs (Affiliated)

Line 1109999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~7~~38. Other Financial Asset-Backed Securities (Unaffiliated)

Line 1119999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~8~~39. Other Financial Asset-Backed Securities (Affiliated)

Line 1129999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~39~~40. Equity-Backed Securities (Unaffiliated)

Line 1319999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~0~~41. Equity-Backed Securities (Affiliated)

Line 1329999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~1~~42. Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)

Line 1339999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~2~~43. Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)

Line 1349999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~3~~44. Lease-Backed Securities – Practical Expedient (Unaffiliated)

Line 1519999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~4~~45. Lease-Backed Securities – Practical Expedient (Affiliated)

Line 1529999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~5~~46. Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)

Line 1539999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~6~~47. Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated)

Line 1549999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~7~~48. Lease-Backed Securities – Full Analysis (Unaffiliated)

Line 1719999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~8~~49. Lease-Backed Securities – Full Analysis (Affiliated)

Line 1729999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~49~~50. Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)

Line 1739999999 from Schedule D, Part 1, Section 2, Column 8.

Section ~~0~~51. Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)

Line 1749999999 from Schedule D, Part 1, Section 2, Column 8.

The quality designation used is the “NAIC Designation” that appears with each bond as listed in the *Valuations of Securities*. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk. For each Section 1 through ~~15~~26, seven lines of information are shown, which are numbered in a format “X.Y” where the number “X” is the number of the section and the number “Y” is the order of the line within the section. The lines within each section are categorized as follows for Section “X”.

X.1	Highest Quality	(NAIC 1)
X.2	High Quality	(NAIC 2)
X.3	Medium Quality	(NAIC 3)
X.4	Low Quality	(NAIC 4)
X.5	Lower Quality	(NAIC 5)
X.6	In or near default	(NAIC 6)
X.7	Total for section	

Column 11 is to contain publicly traded securities i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered publicly traded for Annual Statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.

Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.

~~Column 12~~ Footnote (a)

Include bonds that are qualified for resale under SEC Rule 144A.

Include bonds that are freely tradable under SEC Rule 144 (e.g., that are presently held by, and for the immediately preceding three-year period have been held by, persons unrelated to the issuer); however, there shall be excluded any such security containing a contractual restriction against resale (a "right of first refusal" provision is not considered a restriction against resale).

Footnote (d)

Provide the total book/adjusted carrying value amount reported in Section ~~12~~51, Column 1 by NAIC designation that represents the amount of securities reported in Schedule DA and Schedule E, Part 2.

The sum of the amounts by NAIC designation (NAIC 1, NAIC 2, NAIC 3, NAIC 4, NAIC 5 and NAIC 6) reported in the footnote should equal the sum of Schedule DA, Part 1, Column ~~7~~6, Line ~~2509999999~~ 0509999999 plus Schedule E, Part 2, Column 7, Line ~~2509999999~~0509999999.

~~SCHEDULE D – PART 1A – SECTION 2~~

~~MATURITY DISTRIBUTION OF ALL BONDS OWNED DECEMBER 31~~
~~BY MAJOR TYPE AND SUBTYPE~~

~~The schedule summarizes the aggregate book/adjusted carrying value of all bond holdings, including those in Schedule DA and Schedule E, Part 2 by maturity, major bond categories and the subcategories of issuer obligations, and mortgage-backed/loan-backed and structured securities.~~

~~The maturity category for a particular holding is determined by the following criteria:~~

~~a. Serial issues and mandatory fixed prepayment obligations valued on an amortizable basis may be distributed based on the par value of each scheduled repayment date and the final installment and adjusted for any discount or premium. Such holdings reported at market may be distributed based on market value by applying market rate to each scheduled repayment.~~

~~b. (i) Mortgage-backed/loan-backed and structured securities (these securities are considered loan-backed securities and subject to the guidance in *SSAP No. 43R—Loan-Backed and Structured Securities*) should be distributed based on the anticipated future prepayment cash flows used to value the security.~~

~~(ii) Other bonds with optional prepayment provisions should be distributed based on the expected future prepayments used to value the security.~~

~~(iii) Exchange Traded Funds – as Identified by the SVO (as described in the Investment Schedules General Instructions) should be reported in Column 6, "No Maturity Date" in Section 9 "SVO Identified Funds." Only funds reported in Section 9 would be reported in Column 6.~~

~~c. Place all holdings in default as to principal or interest in the "Over 20 years" category in the absence of definitive information as to final settlement. Perpetual bonds should also be included in this category.~~

~~d. Consider obligations without maturity date and payable on demand to be due within one year if in good standing. Otherwise, include in the "Over 20 years" category, or earlier if justifiable.~~

~~There are 15 sections to this schedule: Sections 1 through 11 for each of the 11 bond categories, Section 12 for total bonds current year, Section 13 for total bonds prior year, Section 14 for total bonds publicly traded and Section 15 for total bonds privately placed. The 11 bond categories combine corresponding subtotals from Schedule D, Part 1; Schedule DA, Part 1; and Schedule E, Part 2 as follows, and for each of those 11 bond categories, the total line for Column 7 of each section should equal the sum of the subtotal lines shown below:~~

~~Section 1. U.S. Governments~~

~~Line 0109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 2. All Other Governments~~

~~Lines 0309999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 3. U.S. States, Territories and Possessions, Guaranteed~~

~~Lines 0509999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed~~

~~Lines 0709999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 5. U.S. Special Revenue & Special Assessment Obligations, etc. Non-guaranteed~~

~~Lines 0909999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 6. Industrial & Miscellaneous (Unaffiliated)~~

~~Line 1109999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 7. Hybrid Securities~~

~~Lines 1309999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 8. Parent, Subsidiaries and Affiliates~~

~~Lines 1509999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 9. SVO Identified Funds~~

~~Lines 1619999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 10. Unaffiliated Bank Loans~~

~~Lines 1909999999 from Schedule D, Part 1, Column 11; Schedule DA, Part 1, Column 7; and Schedule E, Part 2, Column 7.~~

~~Section 11. Unaffiliated Certificates of Deposit~~

~~Lines 2019999999 from Schedule D, Part 1, Column 11.~~

~~For each major section, the following subgroups, which are described in the Investment Schedules General Instructions, shall be presented by maturity category:~~

~~Sections 1 through 7:~~
~~Issuer Obligations~~
~~Residential Mortgage-Backed Securities~~
~~Commercial Mortgage-Backed Securities~~
~~Other Loan-Backed and Structured Securities~~
~~Sections 8:~~
~~Issuer Obligations~~
~~Residential Mortgage-Backed Securities~~
~~Commercial Mortgage-Backed Securities~~
~~Other Loan-Backed and Structured Securities~~
~~Affiliated Bank Loans – Issued~~
~~Affiliated Bank Loans – Acquired~~
~~Section 9:~~
~~Exchange Traded Funds – as Identified by the SVO~~
~~Section 10:~~
~~Unaffiliated Bank Loans – Issued~~
~~Unaffiliated Bank Loans – Acquired~~
~~Section 11:~~
~~Unaffiliated Certificates of Deposit~~
~~Sections 12 through 15:~~
~~Issuer Obligations~~
~~Residential Mortgage-Backed Securities~~
~~Commercial Mortgage-Backed Securities~~
~~Other Loan-Backed and Structured Securities~~
~~SVO Identified Funds~~
~~Affiliated Bank Loans~~
~~Unaffiliated Bank Loans~~
~~Unaffiliated Certificates of Deposit~~

~~Column 11 is to contain publicly traded securities, i.e., those securities that have been assigned a CUSIP/CINS number in the *Valuations of Securities*. Any securities outside the CUSIP/PPN/CINS coding system will be considered publicly traded for~~

~~annual statement purposes (e.g., short-term investments). Exclude bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144.~~

~~Column 12 is to contain privately placed securities as identified with Private Placement Numbers (PPN) in the *Valuations of Securities*. A PPN can be differentiated by the presence of a *, #, or @ sign appearing in either the sixth, seventh or eighth digit of the nine-digit CUSIP-like number. Include bonds that are qualified for resale under SEC Rule 144A or freely tradable under SEC Rule 144 that have been assigned a CUSIP/CINS number in the *Valuations of Securities*.~~

SCHEDULE DA – PART 1

SHORT-TERM INVESTMENTS OWNED DECEMBER 31 OF CURRENT YEAR

Include all investments whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were one year or less except those defined as cash or cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*. All short-term investments owned at Dec. 31 of current year should be separated into bonds, mortgage loans, other short-term invested assets and investments in parent, subsidiaries and affiliates. Within each category, investments should be arranged alphabetically.

Detail Eliminated to Conserve Space

Category	Line Number
Bonds:	
Issuer Credit Obligations	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans – Issued (Unaffiliated)	0189999999
Bank Loans – Issued (Affiliated)	0199999999
Bank Loans – Acquired (Unaffiliated)	0209999999
Bank Loans – Acquired (Affiliated)	0219999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Other Issuer Credit Obligations (Unaffiliated)	0259999999
Other Issuer Credit Obligations (Affiliated)	0269999999
~~U.S. Governments~~	
~~Issuer Obligations~~	~~0019999999~~
~~Residential Mortgage-Backed Securities~~	~~0029999999~~
~~Commercial Mortgage-Backed Securities~~	~~0039999999~~

~~Other Loan-Backed and Structured Securities .... 0049999999~~
~~Subtotals – U.S. Governments .... 0109999999~~

~~All Other Governments~~

~~Issuer Obligations .... 0219999999~~
~~Residential Mortgage-Backed Securities .... 0229999999~~
~~Commercial Mortgage-Backed Securities .... 0239999999~~
~~Other Loan-Backed and Structured Securities .... 0249999999~~
~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0419999999~~
~~Residential Mortgage-Backed Securities .... 0429999999~~
~~Commercial Mortgage-Backed Securities .... 0439999999~~
~~Other Loan-Backed and Structured Securities .... 0449999999~~
~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0619999999~~
~~Residential Mortgage-Backed Securities .... 0629999999~~
~~Commercial Mortgage-Backed Securities .... 0639999999~~
~~Other Loan-Backed and Structured Securities .... 0649999999~~
~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Issuer Obligations .... 0819999999~~
~~Residential Mortgage-Backed Securities .... 0829999999~~
~~Commercial Mortgage-Backed Securities .... 0839999999~~
~~Other Loan-Backed and Structured Securities .... 0849999999~~
~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Issuer Obligations .... 1019999999~~
~~Residential Mortgage-Backed Securities .... 1029999999~~
~~Commercial Mortgage-Backed Securities .... 1039999999~~
~~Other Loan-Backed and Structured Securities .... 1049999999~~
~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations .... 1219999999~~
~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial Mortgage-Backed Securities .... 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~
~~Subtotals – Hybrid Securities .... 1309999999~~

~~Parent, Subsidiaries and Affiliates Bonds~~

~~Issuer Obligations .... 1419999999~~
~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities .... 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~
~~Affiliated Bank Loans – Issued .... 1459999999~~
~~Affiliated Bank Loans – Acquired .... 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates Bonds .... 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO .... 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued .... 1819999999~~

~~Unaffiliated Bank Loans – Acquired........ 1829999999~~
~~Subtotals – Unaffiliated Bank Loans........ 1909999999~~

Total Bonds

~~Subtotals – Issuer Obligations........ 2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities........ 2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities........ 2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities........ 2449999999~~
~~Subtotals – SVO Identified Funds........ 2459999999~~
Subtotals – ~~Affiliated Bank Loans~~Issuer Credit Obligations (Unaffiliated)........ ~~2469999999~~0489999999

(Sum of Lines: 0019999999, 0029999999, 0039999999, 0049999999, 0059999999, 0069999999, 0089999999, 0109999999, 0129999999, 0149999999, 0159999999, 0169999999, 0189999999, 0209999999, 0229999999, 0249999999, and 0269999999)

Subtotals – ~~Unaffiliated Bank Loans~~Issuer Credit Obligations (Affiliated)........ ~~2479999999~~0499999999

(Sum of Lines: 0079999999, 0099999999, 0119999999, 0139999999, 0179999999, 0199999999, 0219999999, 0239999999, 0259999999, and 0279999999)

Subtotals – ~~Bonds~~Issuer Credit Obligations........ ~~2509999999~~0509999999

Parent, Subsidiaries and Affiliates

Mortgage Loans........ 7019999999
Other Short-Term Invested Assets........ 7029999999
Subtotals – Parent, Subsidiaries and Affiliates........ 7109999999

Mortgage Loans........ 7309999999
Other Short-Term Invested Assets........ 7509999999
Total Short-Term Investments........ 7709999999

Detail Eliminated to Conserve Space

Column 2 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "%" in this column for all investments which have been reported on this schedule for more than one consecutive year.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If short-term investments are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions)** in this column.

~~If the security is an SVO Identified Fund designated for systematic value or Principal STRIP bond or other zero coupon bond and is not under the exclusive control of the company, the "*","@" or "%" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~If the "%" code is used in conjunction with the "*" or "@" codes, the "%" code should appear after the "*" or "@" codes immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@" or "%" with the "^" preceding the "*", "@" or "%" depending on the asset being reported, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).~~

~~If the "%" code is used in conjunction with the "*" or "@" codes, the "%" code should appear after the "*" or "@" codes immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).~~

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.~~

Column ~~4~~3 – Date Acquired *(Detail Eliminated to Conserve Space)*
Column ~~5~~4 – Name of Vendor *(Detail Eliminated to Conserve Space)*
Column ~~6~~5 – Maturity Date *(Detail Eliminated to Conserve Space)*
Column ~~7~~6 – Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~8~~7 – Unrealized Valuation Increase (Decrease) *(Detail Eliminated to Conserve Space)*
Column ~~9~~8 – Current Year's (Amortization)/Accretion *(Detail Eliminated to Conserve Space)*
Column ~~10~~9 – Current Year's Other-Than-Temporary Impairment Recognized *(Detail Eliminated to Conserve Space)*
Column ~~11~~10 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve)*
Column ~~12~~11 – Par Value *(Detail Eliminated to Conserve Space)*
Column ~~13~~12 – Actual Cost *(Detail Eliminated to Conserve Space)*
Column ~~15~~14 – Nonadmitted Interest Due & Accrued *(Detail Eliminated to Conserve Space)*
Column ~~16~~15 – Stated Rate of Interest *(Detail Eliminated to Conserve Space)*
Column ~~17~~16 – Effective Rate of Interest *(Detail Eliminated to Conserve Space)*
Column ~~18~~17 – Interest – When Paid *(Detail Eliminated to Conserve Space)*
Column ~~19~~18 – Interest – Amount Received During Year *(Detail Eliminated to Conserve Space)*

Detail Eliminated to Conserve Space

**** Columns ~~21~~ 20 ~~and~~ through ~~23~~ 22 will be electronic only. ****

~~Column 21 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 20 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 21 – Foreign

Insert the appropriate code in the column based on the **matrix provided in the Investment Schedules General Instructions**.

Column 22 – NAIC Designation Category *(Detail Eliminated to Conserve Space)*

Detail Eliminated to Conserve Space

NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

The sum of the amounts reported for each NAIC Designation Category Equivalent in the footnote should equal Line ~~2509999999~~0509999999.

SCHEDULE DL – PART 1

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets reported in aggregate on Line 10 of the asset page
and not included on Schedules A, B, BA, D, DB and E.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent (i.e., collateral is received by the reporting entity's unaffiliated agent that can be resold or repledged). These securities will be reported in aggregate on the Assets page, Line 10.

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10 or reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E), but not both.

Reinvested collateral assets reported on Schedule DL, Part 1 are excluded from other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

SVO-Identified Bond Exchange Traded Funds ~~– as Identified by the SVO~~, which are described in the Investment Schedules General Instructions, are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Issuer Credit Obligations (Schedule D, Part 1, Section 1 type):	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Total Issuer Credit Obligations	0509999999
Asset-Backed Securities (Schedule D, Part 1, Section 2 type):	
Financial Asset-Backed – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated)	1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated)	1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated)	1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated)	1129999999
Financial Asset-Backed – Not Self-Liquidating	
Equity Backed Securities (Unaffiliated)	1319999999
Equity Backed Securities (Affiliated)	1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)	1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)	1349999999

Non-Financial Asset-Backed Securities – Practical Expedient
- Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
- Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis
- Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
- Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999

Total – Asset-Backed Securities 1909999999

Total – Issuer Credit Obligations and Asset-Backed Securities 2009999999

~~Bonds (Schedule D, Part 1 type):~~

~~U.S. Governments~~
- ~~Issuer Obligations .... 0019999999~~
- ~~Residential Mortgage-Backed Securities .... 0029999999~~
- ~~Commercial Mortgage-Backed Securities .... 0039999999~~
- ~~Other Loan-Backed and Structured Securities .... 0049999999~~
- ~~Subtotals – U.S. Governments .... 0109999999~~

~~All Other Governments~~
- ~~Issuer Obligations .... 0219999999~~
- ~~Residential Mortgage-Backed Securities .... 0229999999~~
- ~~Commercial Mortgage-Backed Securities .... 0239999999~~
- ~~Other Loan-Backed and Structured Securities .... 0249999999~~
- ~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0419999999~~
- ~~Residential Mortgage-Backed Securities .... 0429999999~~
- ~~Commercial Mortgage-Backed Securities .... 0439999999~~
- ~~Other Loan-Backed and Structured Securities .... 0449999999~~
- ~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0619999999~~
- ~~Residential Mortgage-Backed Securities .... 0629999999~~
- ~~Commercial Mortgage-Backed Securities .... 0639999999~~
- ~~Other Loan-Backed and Structured Securities .... 0649999999~~
- ~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~
- ~~Issuer Obligations .... 0819999999~~
- ~~Residential Mortgage-Backed Securities .... 0829999999~~
- ~~Commercial Mortgage-Backed Securities .... 0839999999~~
- ~~Other Loan-Backed and Structured Securities .... 0849999999~~
- ~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~
- ~~Issuer Obligations .... 1019999999~~
- ~~Residential Mortgage-Backed Securities .... 1029999999~~
- ~~Commercial Mortgage-Backed Securities .... 1039999999~~
- ~~Other Loan-Backed and Structured Securities .... 1049999999~~
- ~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations.. 1219999999~~
~~Residential Mortgage-Backed Securities.. 1229999999~~
~~Commercial Mortgage-Backed Securities.. 1239999999~~
~~Other Loan-Backed and Structured Securities.. 1249999999~~
~~Subtotals – Hybrid Securities.. 1309999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Issuer Obligations.. 1419999999~~
~~Residential Mortgage-Backed Securities.. 1429999999~~
~~Commercial Mortgage-Backed Securities.. 1439999999~~
~~Other Loan-Backed and Structured Securities.. 1449999999~~
~~Affiliated Bank Loans – Issued.. 1459999999~~
~~Affiliated Bank Loans – Acquired.. 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates.. 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO.. 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued.. 1819999999~~
~~Unaffiliated Bank Loans – Acquired.. 1829999999~~
~~Subtotals – Unaffiliated Bank Loans.. 1909999999~~

~~Unaffiliated Certificates of Deposit.. 2019999999~~

~~Total Bonds~~

~~Subtotals – Issuer Obligations.. 2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities.. 2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities.. 2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities.. 2449999999~~
~~Subtotals – SVO Identified Funds.. 2459999999~~
~~Subtotals – Affiliated Bank Loans.. 2469999999~~
~~Subtotals – Unaffiliated Bank Loans.. 2479999999~~
~~Subtotals – Unaffiliated Certificates of Deposit.. 2489999999~~
~~Subtotals – Total Bonds.. 2509999999~~

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0019999999 through ~~2509999999~~2009999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column ~~11~~12).

The CUSIP reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column 1
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 1
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .... Schedule BA, Part 1, Column 1
Line 9709999999 .... Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type)	9209999999
Mortgage Loans on Real Estate (Schedule B type)	9309999999
Short-Term Invested Assets (Schedule DA, Part 1 type)	9509999999
Cash (Schedule E, Part 1 type)	9609999999
Other Assets	9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For SVO-Identified Bond Exchange Traded Funds~~ – as Identified by the SVO~~, enter ~~complete name of the fund~~the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "&" in this column for TBA (To Be Announced) securities.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

~~If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@"or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@"or "&" with the "^" preceding the other characters ("*", "@" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~6~~4
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 4
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~20~~19
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column 17
Line 9409999999 .... Schedule BA, Part 1, Column 7
Line 9509999999 .... Schedule DA, Part 1, Column 22
Line 9709999999 .... Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed but will be three sub-columns in the data table.

- ~~NAIC Designation Column 4A~~
- ~~NAIC Designation Modifier Column 4B~~
- ~~SVO Administrative Symbol Column 4C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

Column 5 – Fair Value

The value reported for this column should be determined in a manner consistent with the fair value column instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~9~~7
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 7
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~10~~9
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~8~~7
Line 9209999999 .... Schedule A, Part 1, Column 10
Line 9309999999 .... FV of the underlying collateral Schedule B, Part 1
Line 9409999999 .... Schedule BA, Part 1, Column 11

For those lines where the same type of investment is reported on other schedules but do not have a fair value column, report the amount consistent with instructions for the following:

Line 9509999999 .... Report B/ACV, Schedule DA, Part 1, Column ~~7~~6
Line 9609999999 .... Report Balance, Schedule E Part 1, Column 6
Line 9709999999 .... Report B/ACV, Schedule E Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~11~~8
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 8
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~8~~7
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~6~~5
Line 9209999999 .... Schedule A, Part 1, Column 9
Line 9309999999 .... Schedule B, Part 1, Column 8
Line 9409999999 .... Schedule BA, Part 1, Column 12
Line 9509999999 .... Schedule DA, Part 1, Column ~~7~~6
Line 609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Column ~~22~~19
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 19
Line 9509999999 .... Schedule DA, Part 1, Column ~~6~~5
Line 9709999999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 .... Preferred Stock (Schedule D, Part 2, Section 1 type)
5019999999 through 5989999999 .... Common Stock (Schedule D, Part 2, Section 2 type)
9209999999 .... Real Estate (Schedule A type)
9309999999 .... Mortgage Loans on Real Estate (Schedule B type)
9409999999 .... Other Invested Assets (Schedule BA type)
9809999999 .... Other Assets

**** Columns 8 through 12 will be electronic only. ****

Column 8 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999	Schedule D, Part 1, Section 1, Column 21
Lines 1019999999 through 1909999999	Schedule D, Part 1, Section 2, Column 22
Lines 4019999999 through 4509999999	Schedule D, Part 2, Section 1, Column 21
Lines 5019999999 through 5989999999	Schedule D, Part 2, Section 2, Column 18
Line 9309999999	Schedule B, Part 1, Column 16
Line 9409999999	Schedule BA, Part 1, Column 21
Line 9509999999	Schedule DA, Part 1, Column 20
Line 9709999999	Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A type)	9209999999
Cash (Schedule E, Part 1 type)	9609999999
Other Assets	9809999999

Column 9 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

Column ~~8~~10 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code

Report the fair value level that represents the inputs used to determine fair value. Whenever possible, the reported fair value shall reflect level 1 ~~(quoted prices in active market)~~, followed by level 2 ~~(other observable inputs that do not qualify as level 1)~~, and then level 3 ~~(unobservable inputs)~~. In all situations fair value shall be determined in accordance with *SSAP No. 100R—Fair Value*. ~~Whenever possible, fair value should represent the price at which the security could be sold, based on market information. Fair value should only be determined analytically when the market-based value cannot be obtained.~~

The following is a listing of valid fair value level indicators to show the fair value hierarchy level.

"1" for Level 1

"2" for Level 2

"3" for Level 3

The following is a listing of the valid method indicators to show the method used by the reporting entity to determine the Rate Used to Obtain Fair Value.

"a" for securities where the rate is determined by a pricing service.

"b" for securities where the rate is determined by a stock exchange.

"c" for securities where the rate is determined by a broker or custodian. The reporting entity should obtain and maintain the pricing policy for any broker or custodian used as a pricing source. In addition, the broker must either be approved by the reporting entity as a counterparty for buying and selling securities or be an underwriter of the security being valued.

"d" for securities where the rate is determined by the reporting entity or a third party contracted by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

"e" for securities where the rate is determined by the unit price published in the NAIC *Valuation of Securities*.

Enter a combination of hierarchy and method indicator. The fair value hierarchy level indicator would be listed first and the method used to determine fair value indicator would be listed next. For example, use "1b" to report Level 1 for the fair value hierarchy level and stock exchange for the method used to determine fair value.

The guidance in *SSAP No. 100R—Fair Value* allows the use of net asset value per share (NAV) instead of fair value for certain investments. If NAV is used instead of fair value leave blank.

Column ~~9~~11 – Source Used to Obtain Fair Value

For Method Code "a," identify the specific pricing service used.

For Method Code "b," identify the specific stock exchange used.

The listing of most **stock exchange codes can be found in the Investment Schedules General Instructions.**

For Method Code "c," identify the specific broker or custodian used.

For Method Code "d," leave blank.

For Method Code "e," leave blank.

If net asset value (NAV) is used instead of fair value, the reporting entity should use "NAV" to indicate net asset value used instead of fair value.

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~11~~12 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column ~~1~~35
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 37
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column ~~1~~27
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~1~~

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999
Mortgage Loans on Real Estate (Schedule B type)... 9309999999
Other Invested Assets (Schedule BA type) 9409999999
Short-Term Invested Assets (Schedule DA, Part 1 type) 9509999999
Cash (Schedule E, Part 1 type).. 9609999999
Cash Equivalents (Schedule E, Part 2 type) 9709999999
Other Assets.. 9809999999

~~Column 12 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction~~

~~but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

~~The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:~~

~~Lines 0019999999 through 2509999999 .... Schedule D, Part 1, Column 35~~
~~Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 28~~
~~Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~
~~Line 9309999999 .... Schedule B, Part 1, Column 20~~
~~Line 9409999999 .... Schedule BA, Part 1, Column 27~~
~~Line 9509999999 .... Schedule DA, Part 1, Column 23~~
~~Line 9709999999 .... Schedule E, Part 2, Column 12~~

~~The column should be left blank for the following lines:~~

~~Real Estate (Schedule A type) .... 9209999999~~
~~Cash (Schedule E, Part 1 type)... 9609999999~~
~~Other Assets.. 9809999999~~

SCHEDULE DL – PART 2

SECURITIES LENDING COLLATERAL ASSETS
Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the asset page.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current reporting year. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity (i.e., collateral is received by the reporting entity that can be resold or repledged).

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E) or reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10, but not both.

Reinvested collateral assets reported on Schedule DL, Part 2 are included in the other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

SVO-Identified Bond Exchange Traded Funds ~~as Identified by the SVO~~ that are described in the Investment Schedules General Instructions are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**
- **List of stock exchange names and abbreviations.**

Category	Line Number
Issuer Credit Obligations (Schedule D, Part 1, Section 1 ~~type~~):	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Total Issuer Credit Obligations	0509999999
Asset-Backed Securities (Schedule D, Part 1, Section 2 ~~type~~):	
Financial Asset-Backed – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated)	1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated)	1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated)	1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated)	1129999999
Financial Asset-Backed – Not Self-Liquidating	
Equity Backed Securities (Unaffiliated)	1319999999
Equity Backed Securities (Affiliated)	1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)	1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)	1349999999

Non-Financial Asset-Backed Securities – Practical Expedient
- Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
- Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis
- Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
- Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999

Total – Asset-Backed Securities 1909999999

Total – Issuer Credit Obligations and Asset-Backed Securities 2009999999

~~Bonds (Schedule D, Part 1):~~

~~U.S. Governments~~
- ~~Issuer Obligations .... 0019999999~~
- ~~Residential Mortgage-Backed Securities .... 0029999999~~
- ~~Commercial Mortgage-Backed Securities .... 0039999999~~
- ~~Other Loan-Backed and Structured Securities .... 0049999999~~
- ~~Subtotals – U.S. Governments .... 0109999999~~

~~All Other Governments~~
- ~~Issuer Obligations .... 0219999999~~
- ~~Residential Mortgage-Backed Securities .... 0229999999~~
- ~~Commercial Mortgage-Backed Securities .... 0239999999~~
- ~~Other Loan-Backed and Structured Securities .... 0249999999~~
- ~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0419999999~~
- ~~Residential Mortgage-Backed Securities .... 0429999999~~
- ~~Commercial Mortgage-Backed Securities .... 0439999999~~
- ~~Other Loan-Backed and Structured Securities .... 0449999999~~
- ~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0619999999~~
- ~~Residential Mortgage-Backed Securities .... 0629999999~~
- ~~Commercial Mortgage-Backed Securities .... 0639999999~~
- ~~Other Loan-Backed and Structured Securities .... 0649999999~~
- ~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~
- ~~Issuer Obligations .... 0819999999~~
- ~~Residential Mortgage-Backed Securities .... 0829999999~~
- ~~Commercial Mortgage-Backed Securities .... 0839999999~~
- ~~Other Loan-Backed and Structured Securities .... 0849999999~~
- ~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~
- ~~Issuer Obligations .... 1019999999~~
- ~~Residential Mortgage-Backed Securities .... 1029999999~~
- ~~Commercial Mortgage-Backed Securities .... 1039999999~~
- ~~Other Loan-Backed and Structured Securities .... 1049999999~~
- ~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations....................1219999999~~
~~Residential Mortgage-Backed Securities....................1229999999~~
~~Commercial Mortgage-Backed Securities....................1239999999~~
~~Other Loan-Backed and Structured Securities....................1249999999~~
~~Subtotals – Hybrid Securities....................1309999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Issuer Obligations....................1419999999~~
~~Residential Mortgage-Backed Securities....................1429999999~~
~~Commercial Mortgage-Backed Securities....................1439999999~~
~~Other Loan-Backed and Structured Securities....................1449999999~~
~~Affiliated Bank Loans – Issued....................1459999999~~
~~Affiliated Bank Loans – Acquired....................1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates....................1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO....................1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued....................1819999999~~
~~Unaffiliated Bank Loans – Acquired....................1829999999~~
~~Subtotals – Unaffiliated Bank Loans....................1909999999~~

~~Unaffiliated Certificates of Deposit....................2019999999~~

~~Total Bonds~~

~~Subtotals – Issuer Obligations....................2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities....................2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities....................2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities....................2449999999~~
~~Subtotals – SVO Identified Funds....................2459999999~~
~~Subtotals – Affiliated Bank Loans....................2469999999~~
~~Subtotals – Bank Loans....................2479999999~~
~~Subtotals – Unaffiliated Certificates of Deposit....................2489999999~~
~~Subtotals – Total Bonds....................2509999999~~

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0019999999 through ~~2509999999~~2009999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in (Column ~~11~~12).

The CUSIP reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column 1
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 1
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .... Schedule BA, Part 1, Column 1
Line 9709999999 .... Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A)	9209999999
Mortgage Loans on Real Estate (Schedule B)	9309999999
Short-Term Invested Assets (Schedule DA, Part 1)	9509999999
Cash (Schedule E, Part 1)	9609999999
Other Assets	9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For SVO-Identified Bond Exchange Traded Funds~~ – as Identified by the SVO~~, enter ~~complete name of the fund.~~the anem of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year.

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "&" in this column for TBA (To Be Announced) securities.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

~~If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero coupon bond, certificates of deposit under the FDIC limit or a TBA (To Be Announced) security and is not under the exclusive control of the company, the "*", "@"or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "*", "@" or "&" with the "^" preceding the other characters ("*", "@" or "&") depending on the asset being reported, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~6~~4
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 4
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~20~~19
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column 17
Line 9409999999 .... Schedule BA, Part 1, Column 7
Line 9509999999 .... Schedule DA, Part 1, Column 22
Line 9709999999 .... Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed but will be three sub-columns in the data table.

- ~~NAIC Designation Column 4A~~
- ~~NAIC Designation Modifier Column 4B~~
- ~~SVO Administrative Symbol Column 4C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

Column 5 – Fair Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~9~~7
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 7
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~10~~9
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~8~~7
Line 9209999999 .... Schedule A, Part 1, Column 10
Line 9309999999 .... FV of the underlying collateral Schedule B, Part 1
Line 9409999999 .... Schedule BA, Part 1, Column 11

For those lines where the same investment is reported on other schedules but do not have a fair value column, report the amount in these columns in the other schedules for the lines shown below:

Line 9509999999 .... Report B/ACV, Schedule DA, Part 1, Column ~~7~~6
Line 9609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Report B/ACV, Schedule E, Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~11~~8
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 8
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~8~~7
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~6~~5
Line 9209999999 .... Schedule A, Part 1, Column 9
Line 9309999999 .... Schedule B, Part 1, Column 8
Line 9409999999 .... Schedule BA, Part 1, Column 12
Line 9509999999 .... Schedule DA, Part 1, Column ~~7~~6
Line 609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~22~~19
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 19
Line 9509999999 .... Schedule DA, Part 1, Column ~~6~~5
Line 9709999999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 .... Preferred Stock (Schedule D, Part 2, Section 1 ~~type~~)
5019999999 through 5989999999 .... Common Stock (Schedule D, Part 2, Section 2 ~~type~~)
9209999999 .... Real Estate (Schedule A ~~type~~)
9309999999 .... Mortgage Loans on Real Estate (Schedule B ~~type~~)
9409999999 .... Other Invested Assets (Schedule BA ~~type~~)
9809999999 .... Other Assets

**** Columns 8 through 12 will be electronic only. ****

Column 8 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through 0509999999 .... Schedule D, Part 1, Section 1, Column 21
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 22
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 21
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 18
Line 9309999999 .... Schedule B, Part 1, Column 16
Line 9409999999 .... Schedule BA, Part 1, Column 21
Line 9509999999 .... Schedule DA, Part 1, Column 20
Line 9709999999 .... Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A) 9209999999
Cash (Schedule E, Part 1) 9609999999
Other Assets 9809999999

Column 9 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

Column ~~8~~10 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail eliminated…)*

Column ~~9~~11 – Source Used to Obtain Fair Value *(Detail eliminated to conserve space)*

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~11~~12 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column ~~1~~35
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 37
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column ~~1~~27
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~1~~

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A) 9209999999
Mortgage Loans on Real Estate (Schedule B) 9309999999
Other Invested Assets (Schedule BA)... 9409999999
Short-Term Invested Assets (Schedule DA, Part 1)... 9509999999
Cash (Schedule E, Part 1) 9609999999
Cash Equivalents (Schedule E, Part 2).. 9709999999
Other Assets... 9809999999

~~Column 12 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

~~The code reported for this column should be same for the security as reported in other schedules for the lines shown below:~~

~~Lines 0019999999 through 2509999999 .... Schedule D, Part 1, Column 35~~
~~Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 28~~
~~Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~
~~Line 9309999999 .... Schedule B, Part 1, Column 20~~
~~Line 9409999999 .... Schedule BA, Part 1, Column 27~~
~~Line 9509999999 .... Schedule DA, Part 1, Column 23~~
~~Line 9709999999 .... Schedule E, Part 2, Column 12~~

~~The column should be left blank for the following lines:~~

~~Real Estate (Schedule A) .... 9209999999~~
~~Cash (Schedule E, Part 1) .... 9609999999~~
~~Other Assets.. 9809999999~~

SCHEDULE E – PART 2 – CASH EQUIVALENTS

List all investments owned whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were three months or less and defined as cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*. Include Money Market Mutual Funds.

Detail Eliminated to Conserve Space

Category	Line Number
Bonds	
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans – Issued (Unaffiliated)	0189999999
Bank Loans – Issued (Affiliated)	0199999999
Bank Loans – Acquired (Unaffiliated)	0209999999
Bank Loans – Acquired (Affiliated)	0219999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Other Issuer Credit Obligations (Unaffiliated)	0259999999
Other Issuer Credit Obligations (Affiliated)	0269999999
~~U.S. Governments~~	
~~Issuer Obligations~~	~~0019999999~~
~~Residential Mortgage-Backed Securities~~	~~0029999999~~
~~Commercial Mortgage-Backed Securities~~	~~0039999999~~
~~Other Loan-Backed and Structured Securities~~	~~0049999999~~
~~Subtotals – U.S. Governments~~	~~0109999999~~
~~All Other Governments~~	
~~Issuer Obligations~~	~~0219999999~~
~~Residential Mortgage-Backed Securities~~	~~0229999999~~
~~Commercial Mortgage-Backed Securities~~	~~0239999999~~

~~Other Loan-Backed and Structured Securities .... 0249999999~~
~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0419999999~~
~~Residential Mortgage-Backed Securities .... 0429999999~~
~~Commercial Mortgage-Backed Securities .... 0439999999~~
~~Other Loan-Backed and Structured Securities .... 0449999999~~
~~Subtotals – States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0619999999~~
~~Residential Mortgage-Backed Securities .... 0629999999~~
~~Commercial Mortgage-Backed Securities .... 0639999999~~
~~Other Loan-Backed and Structured Securities .... 0649999999~~
~~Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Issuer Obligations .... 0819999999~~
~~Residential Mortgage-Backed Securities .... 0829999999~~
~~Commercial Mortgage-Backed Securities .... 0839999999~~
~~Other Loan-Backed and Structured Securities .... 0849999999~~
~~Subtotals – Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Issuer Obligations .... 1019999999~~
~~Residential Mortgage-Backed Securities .... 1029999999~~
~~Commercial Mortgage-Backed Securities .... 1039999999~~
~~Other Loan-Backed and Structured Securities .... 1049999999~~
~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations .... 1219999999~~
~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial-Backed Securities .... 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~
~~Subtotals – Hybrid Securities .... 1309999999~~

~~Parent, Subsidiaries and Affiliates Bonds~~

~~Issuer Obligations .... 1419999999~~
~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities .... 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~
~~Affiliated Bank Loans – Issued .... 1459999999~~
~~Affiliated Bank Loans – Acquired .... 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates Bonds .... 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO .... 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued .... 1819999999~~
~~Unaffiliated Bank Loans – Acquired .... 1829999999~~
~~Subtotals – Unaffiliated Bank Loans .... 1909999999~~

Total Bonds

~~Subtotals – Issuer Obligations~~ .... ~~2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities~~ .... ~~2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities~~ .... ~~2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities~~ .... ~~2449999999~~
~~Subtotals – SVO Identified Funds~~ .... ~~2459999999~~
Subtotals – ~~Affiliated Bank Loans~~Issuer Credit Obligations (Unaffiliated) .... ~~2469999999~~0489999999

(Sum of Lines: 0019999999, 0029999999, 0039999999, 0049999999, 0059999999, 0069999999, 0089999999, 0109999999, 0129999999, 0149999999, 0159999999, 0169999999, 0189999999, 0209999999, 0229999999, 0249999999, and 0269999999)

Subtotals – ~~Unaffiliated Bank Loans~~Issuer Credit Obligations (Affiliated) .... ~~2479999999~~0499999999

(Sum of Lines: 0079999999, 0099999999, 0119999999, 0139999999, 0179999999, 0199999999, 0219999999, 0239999999, 0259999999, and 0279999999)

Subtotals – ~~Bonds~~Issuer Credit Obligations .... ~~2509999999~~0509999999

Sweep Accounts 8109999999

Exempt Money Market Mutual Funds – as Identified by SVO 8209999999

All Other Money Market Mutual Funds 8309999999

Qualified Cash Pools Under SSAP No. 2R 8409999999

Other Cash Equivalents 8509999999

Total Cash Equivalents 8609999999

Detail Eliminated to Conserve Space

Column 3 – Restricted Asset Code

~~Enter "%" in this column for all investments except qualifying cash pooling structures per SSAP No. 2R and money market mutual funds which have been reported on this schedule for more than one consecutive quarter.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If a cash equivalent is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **codes identified in the Investment Schedules General Instructions** in this column.

~~If the "%" code is used, the "%" code should appear first, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "%" code, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).~~

Detail Eliminated to Conserve Space

**** Columns 10 through 11 will be electronic only. ****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 11 – NAIC Designation Category

Provide the appropriate combination of NAIC Designation Equivalent (1 through 6) and NAIC Designation Modifier Equivalent (A through G) (see table below) for each security shown.

The NAIC Designation and NAIC Designation Modifier Equivalent should not be provided for the following lines:

• Sweep Accounts	Line 8109999999
• Exempt Money Market Mutual Funds – as Identified by the SVO	Line 8209999999
• All Other Money Market Mutual Funds	Line 8309999999
• Qualified Cash Pools Under SSAP No. 2R	Line 8409999999
• Other Cash Equivalents	Line 8509999999

Exchange Traded Funds – as Identified by the SVO should be reported as perpetual securities.

The NAIC Designation Category will be two sub-columns in the data table.

- ~~NAIC Designation Equivalent Column 11A~~
- ~~NAIC Designation Modifier Equivalent Column 11B~~

NAIC Designation Equivalent:

For the NAIC Designation Equivalent, use the NAIC Designation that would have been used for the investment had it been reported on Schedule D, Part 1, Section 1 if available. If no NAIC Designation is available, the reporting entity should use a Designation Equivalent most closely resembles their credit risk the investment.

NAIC Designation Modifier Equivalent:

Bonds (Lines 0019999999 through ~~1909999999~~0269999999)

Use the NAIC Designation Modifier that would have been used for the investment had it been reported on Schedule D, Part 1, Section 1 if available.

If no NAIC Designation Modifier is available, the reporting entity should use a Designation Modifier Equivalent most closely resembles their credit risk the investment.

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier field should be left blank.

Refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* for the application of these codes.

~~Column 12 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

NAIC Designation Category Equivalent Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category Equivalent that represents the amount reported in Column 7.

The sum of the amounts reported for each NAIC Designation Category Equivalent in the footnote should equal Line ~~2509999999~~0509999999.

SCHEDULE E – PART 3 – SPECIAL DEPOSITS

The amounts reported in this schedule also are included in the various asset schedules of the company.

Exclude from this schedule all deposits or operating accounts in financial institutions that the company uses in the normal course of its business.

Column 1 – Type of Deposit

Include in this column, one of the following indicators:

~~B – Bond~~
ICO – Issuer Credit Obligations
ABS – Asset-Backed Securities
S – Stocks
M – Mortgages
C – Certificates of Deposit (show only amounts reported on Schedule E, Part 1)
R – Real Estate
ST – Cash/Short-Term Investments
CE – Cash Equivalents
BA – Schedule BA Assets
O – Other (Use this symbol when multiple types of assets are on deposit within a particular jurisdiction.)

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

This set of Supplemental Interrogatories is to assist regulators in identifying and analyzing the risks inherent in the entity's investment portfolio.

Detail Eliminated to Conserve Space

Line 3 – Report by NAIC designation, the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks (perpetual preferred and redeemable preferred).

Report the total amount for each subcategory. The amounts reported in the bond subcategories should be consistent with the amounts reported in Schedule D, Part 1A~~, Section 1,~~ Column 7, Lines ~~11~~51.1 – ~~11~~51.6. Schedule D, Part 1A~~, Section 1~~ is reported gross and will not tie to this line if any amounts are reported and nonadmitted for bonds and preferred stocks on the asset page.

The amounts reported in the preferred stock subcategories should be consistent with the amounts reported in Asset Page, Column 3, Lines 2.1.

ASSETS

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

Detail Eliminated to Conserve Space

Line 1 – Bonds

Report all bonds with maturity dates greater than one year from the acquisition date. Bonds are valued and reported in accordance with guidance set forth in *SSAP No. 26R—Bonds* and *SSAP No. 43R—~~Loan-Backed and Structured~~Asset-Backed Securities*. All asset-backed securities are reported as bonds regardless of if the maturity date is less than one year from acquisition.

CASH FLOW

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

Detail Eliminated to Conserve Space

Cash from Investments Worksheet

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

NOTES TO FINANCIAL STATEMENTS

****** TO CONSERVE SPACE ON THE PROPOSAL, THE FOLLOWING MODIFICATIONS ARE BEING MADE IN THE NOTES TO FINANCIAL STATEMENTS ******

Note 1C(6) Instructions and Illustration
- Reference to loan-backed securities is changed to asset-backed securities

Note 5D Instructions and Illustration
- Note name has been changed to Asset-Backed Securities
- Reference to loan-backed securities is changed to asset-backed securities
- SSAP 43R name has been changed to Asset-Backed Securities

Note 5F, 5G, 5H, 5I, & 5O Illustration
- References to LB & SS will be changed to ABS

Note 5L(4) Illustration
- Reference to Schedule D, Part 1 will be changed to Schedule D, Part 1, Section 1
- Add a row for Schedule D, Part 1, Section 2

Note 5P Illustration
- The Bond rows will be split into two. One for Issuer Credit Obligations and the other for Asset-Backed Securities

Note 20A(1) Illustration
- Bond subcategories need to be updated to reflect new reporting lines. See table:

(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~~Issuer Credit Obligations	$	$	$	$	$
~~Industrial and Misc~~Asset-Backed Securities					
~~Hybrid Securities~~					
~~Parent, Subsidiaries and Affiliates~~					
Total Bonds	$	$	$	$	$
Common Stock					
Industrial and Misc	$	$	$	$	$
Parent, Subsidiaries and Affiliates					
Total Common Stocks	$	$	$	$	$
Derivative assets					
Interest rate contracts	$	$	$	$	$
Foreign exchange contracts					
Credit contracts					
Commodity futures contracts					
Commodity forward contracts					
Total Derivatives	$	$	$	$	$
....					
....					
Separate account assets	$	$	$	$	$
Total assets at fair value/NAV	$	$	$	$	$
b. Liabilities at fair value					
Derivative liabilities	$	$	$	$	$
....					
....					
Total liabilities at fair value	$	$	$	$	$

Note 20A(2) Illustration
- Reference to loan-backed and structured securities is changed to asset-backed securities

Note 20C & 20D Illustration
- The Bond rows will be split into two. One for Issuer Credit Obligations and the other for Asset-Backed Securities

Note 21F(3) Instructions

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

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

INTEREST MAINTENANCE RESERVE

This exhibit is designed to capture the realized capital gains/(losses) that result from changes in the overall level of interest rates and amortize them into income over the approximate remaining life of the investment sold.

Detail Eliminated to Conserve Space

Line 2 – Current Year's Realized Pre-tax Capital Gains/(Losses) of $______ Transferred into the Reserve Net of Taxes of $______

Include interest-rate-related realized capital gains/(losses), net of capital gains tax thereon. All realized capital gains/(losses) transferred to the IMR are net of capital gains taxes thereon. Exclude non-interest-related (default) realized capital gains and losses, realized capital gains/(losses) on equity investments, and unrealized capital gains/(losses).

All realized capital gains/(losses), due to interest rate changes on fixed income investments, net of related capital gains tax, should be captured in the IMR and amortized into income (Column 2, Lines 1 through 31) according to Table 1 or the seriatim method. Realized capital gains/(losses) must be classified as either interest (IMR) or non-interest (AVR) related, not a combination except as specified in *SSAP No. 43R~~—Loan-Backed and Structured~~Asset-Backed Securities*. Purchase lots with the same CUSIP are treated as individual assets for IMR and Asset Valuation Reserve (AVR) purposes.

Exclude those capital gains and losses that, in accordance with contract terms have been used to directly increase or decrease contract benefit payments or reserves during the reporting period. The purpose of this exclusion is to avoid the duplicate utilization of such gains and losses.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes. By capturing the realized capital gains/(losses) net of tax, the capital gains tax associated with those capital gains/(losses) due to an interest rate change is charged or credited to the IMR and amortized in proportion to the before-tax amortization.

Include realized capital gains/(losses) on:

Debt securities (excluding ~~loan-backed and structured~~asset-backed securities) and preferred stocks whose National Association of Insurance Commissioners (NAIC)/Securities Valuation Office (SVO) designation at the end of the holding period is **NOT** different from its NAIC designation at the beginning of the holding period by more than one NAIC designation. Exclude any such gains/(losses) exempt from the IMR.

~~Bond Mutual Funds—as Identified by the SVO. Include any capital gains/(losses) realized by the Company, whether from sale of the Fund or capital gains distributions by the Fund. If, during the course of the year, the SVO removes the designation of "NAIC 1" from a Bond Mutual Fund—as Identified by the SVO, the company shall not report capital gains/(losses) in this schedule. Any such removal of the "NAIC 1" designation will cause the Fund to be reported as common stock on the applicable schedules.~~

Detail Eliminated to Conserve Space

The holding period for debt securities (excluding ~~loan-backed and structured~~asset-backed securities) and preferred stocks is defined as the period from the date of purchase to the date of sale. For the end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990. For preferred stocks acquired before Jan. 1, 1993, the holding period is presumed to have begun on Dec. 31, 1992. ~~For Bond Mutual Fund – as Identified by the SVO, the holding period is defined as one calendar year to expected maturity.~~ For SVO Identified Funds designated for systematic value, the holding period is the weighted-average life of the underlying bonds.

Detail Eliminated to Conserve Space

In accordance with *SSAP No. 43R—~~Loan-Backed and Structured~~Asset-Backed Securities* for ~~loan-backed and structured~~asset-backed securities only:

Detail Eliminated to Conserve Space

AMORTIZATION

This supporting schedule calculates the amount of the Interest Maintenance Reserve to be amortized in each year.

Detail Eliminated to Conserve Space

Expected Maturity Date

The presence of sinking fund payments, amortization schedules, expected prepayments, and adjustable interest rates complicate the determination of the number of calendar years to expected maturity. The expected maturity date is:

- For fixed income instruments with fixed contractual repayment dates and amounts (including bonds, preferred stock, callable or convertible bonds and preferred(s), the expected maturity is defined as the contractual retirement date which produces the lowest amortization value for annual statement purposes (lowest internal rate of return or "yield to worst"). Potential retirement dates include all possible call dates, and the contractual maturity date. However, where a convertible bond or convertible preferred stock is sold while its conversion value exceeds its book/adjusted carrying value and the gain is included in IMR, the expected maturity date is defined as the next conversion date. Conversion value is defined to mean the number of shares of common stock available currently or at next conversion date, multiplied by the stock's current market price. When the instrument's contractual terms include scheduled sinking fund payments of fixed amounts, an additional calculation of yield to average life should be included in the analysis where average life is defined as the date at which the instrument is 50% repaid. For puttable instruments, where the exercise option rests with the investor, expected maturity is the put or maturity date that produces the highest internal rate of return. ~~For Bond Mutual Funds – as Identified by SVO, use one calendar year to expected maturity.~~ For SVO Identified Funds designated for systematic value, the expected maturity is the weighted-average life of the underlying bonds. For perpetual instruments, the expected maturity is 30 years from the current date.

Detail Eliminated to Conserve Space

- ~~For Bond Mutual Funds – as Identified by the SVO, use one calendar year to expected maturity.~~

ASSET VALUATION RESERVE

This exhibit and its supporting calculations are designed to address the non-interest-related (default) and equity risks of the company's assets by calculating a basic contribution, a reserve objective and a maximum reserve amount and controlling the flow of the reserve from/into surplus. These instructions cover the Asset Valuation Reserve (AVR) for both the General Account Statement and the Separate Account Statement. If an AVR is required for investments in the Separate Accounts Statement, it is combined with the General Account AVR and accounted for in the General Accounts statement. Worksheets supporting the separate accounts portion of the reserve are included with the Separate Accounts Statement. The criteria for determining when an AVR is required for separate accounts are described in the Separate Accounts AVR Worksheet instructions.

Detail Eliminated to Conserve Space

Line 2 – Realized Capital Gains/(Losses) Net of Taxes – General Account

Report all realized non-interest-related (default) and equity capital gains/(losses), net of capital gains tax, applicable to the assets in each component and sub-component. All realized capital gains/(losses) transferred to the AVR are net of capital gains taxes thereon. Exclude all interest rate-related capital gains/(losses) from the AVR.

Capital gains tax should be determined using the method developed by the company to allocate taxes used for statutory financial reporting purposes.

Report all realized capital gains/(losses), net of capital gains tax, on each debt security (excluding ~~loan-backed and structured~~asset-backed securities) whose NAIC/SVO designation at the end of the holding period is different from its NAIC/SVO designation at the beginning of the holding period by more than one NAIC/SVO designation. The holding period is defined as the period from the date of purchase to the date of sale. For end of period classification, the most recent available designation should be used. For bonds acquired before Jan. 1, 1991, the holding period is presumed to have begun on Dec. 31, 1990.

Determination of AVR gain/(loss) on multiple lots of the same fixed income securities should follow the underlying accounting treatment in determining gain/(loss). Thus, the designation, on a purchase lot basis, should be compared to the designation at the end of the holding period to determine IMR or AVR gain or loss.

In accordance with *SSAP No. 26R—Bonds*, securities with other-than-temporary impairment losses shall be recorded entirely to either AVR or IMR and not bifurcated between interest and non-interest components.

In accordance with *SSAP No. 43R—~~Loan-Backed and Structured~~ Asset-Backed Securities*, for ~~loan-backed and structured~~asset-backed securities only:

Detail Eliminated to Conserve Space

DEFAULT COMPONENT –
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

Lines 1 through 7 – Long-Term Bonds

Report the book/adjusted carrying value of all bonds and other fixed income instruments owned in Columns 1 and 4. ~~"Book/Adjusted Carrying Value," when applied to Bond Mutual Funds – as Identified by the SVO, equals the "Fair Value" shown in Column 9 of Schedule D, Part 1. "Bond Mutual Fund – as Identified by the SVO" shall have the same meaning as set forth in the instructions to Schedule D, Part 1.~~ Categorize the bonds and other fixed income instruments into NAIC designations 1 through 6 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, except that, exempt obligations should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Detail Eliminated to Conserve Space

Line 9 – Total Long-Term Bonds

Column 1 should agree with Page 2, Line 1, Column 3 plus Schedule DL Part 1, Column 6, Line ~~2509999999~~2009999999.

Detail Eliminated to Conserve Space

Lines 18 through 24 – Short-Term Bonds

Report the book/adjusted carrying value of all short-term bonds and other short-term fixed-income investments (Schedule DA, Part 1 (Lines ~~0109999999, 0309999999, 0509999999, 0709999999, 0909999999, 1109999999, 1309999999, 1509999999, 1619999999, 1909999999 and 2019999999~~0509999999) and short-term bonds included on Schedule DL, Part 1, Line 9509999999 owned in Columns 1 and 4. Categorize the short-term bonds and other fixed-income instruments listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* into NAIC designations 1 through 6 as directed by the Securities Valuation Office instructions, except that exempt obligations listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

Detail Eliminated to Conserve Space

29.06 For assets managed by an affiliated or unaffiliated firm or individual, provide for each firm or individual the Central Registration Depository Number, ~~Legal Entity Identifier (LEI),~~ who they are registered with and if an Investment Management Agreement has been filed for each firm or individual.

Name of Firm or Individual:

Should be name of firm or individual provided for 29.05.

Central Registration Depository Number

The Central Registration Depository (CRD) number is a number issued by the Financial Industry Regulatory Authority (FINRA) to brokers, dealers or individuals when licensed, and can be verified against their database *www.finra.org*. These brokers, dealers or individuals would be those contracted to manage some of the reporting entity's investments or funds and invest them for the reporting entity. The brokers, dealers or individuals can be affiliated or unaffiliated with the reporting entity. The reporting entity must list all brokers, dealers or individuals who have the authority to make investments on behalf of the reporting entity.

~~Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Registered With:

If a Registered Investment Advisor, specify if registered with Securities Exchange Commission or state securities authority. Note if not a Registered Investment Advisor.

Investment Management Agreement (IMA) Filed:

Indicate if a current Investment Management Agreement (IMA) has been filed with the state of domicile or the insurance department in another state(s). Use one of the codes below to indicate if the IMA has been filed and with whom it was filed.

DS If the current IMA has been filed with the state of domicile regardless if it was also filed with another state.

OS If the current IMA has been filed with a state(s) other than the state of domicile but not the state of domicile.

NO If the current IMA has not been filed with any state.

ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

COMBINED ANNUAL STATEMENT FOR AFFILIATED PROPERTY/CASUALTY INSURERS

GENERAL

Detail Eliminated to Conserve Space

6. With the exception of Schedule Z, the format to be used is that of the NAIC Annual Statement blank for property/casualty insurers. The specific pages, exhibits, and schedules to be included are as follows:

Title Page (in part)
Assets
Liabilities, Surplus and Other Funds
Statement of Income
Cash Flow
Underwriting and Investment Exhibit, Parts 1 through 3
Exhibit of Net Investment Income
Exhibit of Capital Gains (Losses)
Schedule D, Summary by Country
Schedule D, Part 1A, Sections 1 ~~and 2~~
Schedule D, Parts 1 and 2, Totals (Line ~~2509999999~~0509999999, 1909999999, 4509999999 or 5989999999) only
Note: Do not complete the footnote for Schedule D, Parts 1 and 2
Schedule F, Parts 1, 2 and 3, Subtotals and Totals only
Schedule H, Parts 1 through 4 only
Schedule P except interrogatories
Schedule T
Schedule Z
Insurance Expense Exhibit (Supplemental Filing)

Pages should not be renumbered for the combined annual statement, as some pages are not required.

For all pages, exhibits, and schedules, Details of Write-in lines should be combined to a single entry.

QUARTERLY STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE CURRENT QUARTER

This schedule should include a detail listing of all securities that were purchased/acquired during the current reporting quarter. Detailed information for investments that are acquired and disposed of during the current reporting quarter should be included in this schedule and in Schedule D, Part 4. Note that this is not a detailed listing of items for the Year-to-Date. This should include all transactions that adjust the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3, or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

Detail Eliminated to Conserve Space

Bonds are to be grouped as listed below and each category arranged alphabetically. ~~(securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Detail Eliminated to Conserve Space

Category	Line Number
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Subtotals – Issuer Credit Obligations – Part 3	0509999997
Summary item from Part 5 for Issuer Credit Obligations (N/A to Quarterly)	0509999998
Subtotals – Issuer Credit Obligations	0509999999

Detail Eliminated to Conserve Space

Include all bonds and stocks acquired during the quarter. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). ~~Only those~~All asset-backed securities and bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R—Asset-Backed Securities* for additional guidance. Exclude cash equivalents and short-term investments, as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-term Investments* with original maturities of three months or less.

Detail Eliminated to Conserve Space

Column 2 – Description

Give a description of all ~~bonds and preferred and common stocks~~investments. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 13, Issuer and Column 14, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter the ~~complete~~ name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 13~~12~~, Issuer.

For Certificate of Deposit Account Registry Service (CDARS) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring the certificates of deposit. As appropriate, the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For asset-backed securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDOs) or ~~CBOs (~~Collateralized ~~Loan~~ Bond Obligations ~~(CLOs~~(CBO), indicate what the CLO/CDO/~~CLO~~ CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "Mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the~~ ~~**list provided in the Investment Schedules General Instructions**~~.

Column ~~4~~3 – Date Acquired

For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of ~~bonds~~ issuer credit obligations or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted. ~~All asset-backed securities shall be separately reported (no aggregation of separate acquisitions).~~

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter date of last purchase.

Column ~~5~~4 – Name of Vendor *(Detail Eliminated to Conserve Space)*
Column ~~7~~6 – Actual Cost *(Detail Eliminated to Conserve Space)*

Column ~~8~~7 – Par Value

For ~~mortgage-backed/loan-backed and structured~~asset-backed securities, enter the par amount of principal purchased on a security on which the reporting entity has a claim. For interest-only ~~bonds~~ investments without a principal amount on which the reporting entity has a claim, use a zero value. ~~Enter the statement date par value for bonds with adjustable principal. An interest-only bond with a small par amount of principal would use that amount.~~

For preferred stock, enter par value per share of stock, if any.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter 0.

Column ~~9~~8 – Paid for Accrued Interest and Dividends

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter the amount of dividends on shares acquired between the dividend declaration date and the ex-dividend date.

Column ~~10~~9 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate combination of NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol (see below) at the end of the quarter for each security shown. The list of valid SVO Administrative Symbols is shown below.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC's website for the Securities Valuation Office (*www.naic.org/svo.htm*).

~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds should be reported as perpetual securities.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- ~~NAIC Designation — Column 10A~~
- ~~NAIC Designation Modifier — Column 10B~~
- ~~SVO Administrative Symbol — Column 10C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").
NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for securities reported on the lines below if eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, should not be provided.

- Bonds — Lines ~~0109999999~~ 0019999999 through ~~2019999999~~1749999999
- Preferred Stocks — Lines 4019999999 and 4029999999
- Common Stocks — Lines 5319999999, 5519999999 and 5719999999

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier should not be provided.

Detail Eliminated to Conserve Space

** **Columns ~~11~~ 10 through ~~16~~ 15 will be electronic only.** **

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 11 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~11~~12 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations

U.S. Government Obligations (Exempt from RBC) 0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)...................... 0029999999
Non-U.S. Sovereign Jurisdiction Securities.. 0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed) 0049999999
Municipal Bonds – Special Revenue 0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., “MO” for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)... 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC). 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed
(Not Exempt from RBC) 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed
(Not Exempt from RBC) 1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

~~U.S. States, Territories and Possessions~~

~~Include the appropriate state abbreviation for the state where the security is issued (e.g., “MO” for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include the appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include the appropriate state abbreviation for the state where the security is issued. Use “US” for federal agency issues.~~

~~Column 12 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 13 – Issuer *(Detail Eliminated to Conserve Space)*
Column 14 – Issue *(Detail Eliminated to Conserve Space)*
Column 15 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 16 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator,~~

~~manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE D – PART 4

LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF DURING THE CURRENT QUARTER

This schedule should include a detail listing of all securities that were sold/disposed of during the current quarter that were owned as of the beginning of the current quarter. Detailed information for investments that are acquired and disposed of during the current reporting quarter should be included in this schedule and in Schedule D, Part 3. Note that this is not a detailed listing of items for the Year-to-Date. This should include all transactions that adjust the cost basis of the securities (except other-than-temporary impairments that are not part of a disposal transaction). Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3, or other situations such as CUSIP number changes. The following list of items provides examples of the items that should be included:

Detail Eliminated to Conserve Space

Bonds are to be grouped as listed below and each category arranged alphabetically. ~~(securities included in U.S. States, Territories and Possessions; U.S. Political Subdivisions of States, Territories and Possessions; and U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture).~~

Detail Eliminated to Conserve Space

Category	Line Number
Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Subtotals – Issuer Credit Obligations – Part 4	0509999997
Summary item from Part 5 for Issuer Credit Obligations (N/A to Quarterly)	0509999998
Subtotals – Issuer Credit Obligations	0509999999

Asset-Backed Securities:

Financial Asset-Backed – Self-Liquidating

- Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC) 1019999999
- Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)........ 1029999999
- Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) ... 1039999999
- Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC).. 1049999999
- Non-Agency Residential Mortgage-Backed Securities (Unaffiliated) 1059999999
- Non-Agency Residential Mortgage-Backed Securities (Affiliated) 1069999999
- Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated) 1079999999
- Non-Agency Commercial Mortgage-Backed Securities (Affiliated) 1089999999
- Non-Agency – CLOs/CBOs/CDOs (Unaffiliated) 1099999999
- Non-Agency – CLOs/CBOs/CDOs (Affiliated) 1109999999
- Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated) 1119999999
- Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated) 1129999999

Financial Asset-Backed – Not Self-Liquidating

- Equity Backed Securities (Unaffiliated) 1319999999
- Equity Backed Securities (Affiliated) 1329999999
- Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated) 1339999999
- Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated) 1349999999

Non-Financial Asset-Backed Securities – Practical Expedient

- Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
- Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis

- Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
- Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999

Subtotals – Asset-Backed Securities – Part 4 1909999997

Summary item from Part 5 for Asset-Backed Securities (N/A to Quarterly) 1909999998

Subtotals – Asset-Backed Securities 1909999999

Subtotals – Issuer Credit Obligations and Asset-Backed Securities 2009999999

~~Bonds:~~

~~U.S. Governments .... 0109999999~~

~~All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions .... 0709999999~~

~~U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities .... 1309999999~~

~~Parent, Subsidiaries and Affiliates .... 1509999999~~

~~SVO Identified Funds .... 1619999999~~

~~Unaffiliated Bank Loans .... 1909999999~~

~~Unaffiliated Certificates of Deposit .... 2019999999~~

~~Subtotals – Bonds – Part 4 .... 2509999997~~

~~Summary Item from Part 5 for Bonds (N/A to Quarterly) .... 2509999998~~

~~Subtotals – Bonds .... 2509999999~~

Detail Eliminated to Conserve Space

Include all bonds and stocks disposed of during the current quarter. Include repoolings of mortgage-backed/asset-backed securities (e.g., giantization/megatization of FHLMC or FNMA mortgage-backed securities). ~~Only those~~All asset-backed securities and bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See *SSAP No. 43R*~~—*Loan-Backed and Structured*~~*Asset-Backed Securities*, for additional guidance. Exclude cash equivalents as described in *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-term Investments*, with original maturities of three months or less.

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau:

www.cusip.com/cusip/index.htm

If no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 27.

Column 2 – Description

Give a description of all bonds and preferred and common stock, including location of all banks, trust and miscellaneous companies. If bonds are serial issues, give amounts maturing each year. As appropriate, the reporting entity is encouraged to include data consistent with that reported in Column 25, Issuer and Column 26, Issue. This does not preclude the company from including additional detail to provide a complete and accurate description. Abbreviations may be used as needed.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter the ~~complete~~ name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year. As appropriate, the reporting entity is encouraged to include data consistent with that reported for Column 25, Issuer.

For Certificate of Deposit Account Registry Service (CDARS) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring the certificates of deposit. As appropriate, the name of the banking institutions should follow from the registry of the Federal Financial Institutions Examination Council (FFIEC) (*www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx*).

For asset-backed securities reported as ~~CLOs (~~Collateralized Loan Obligations (CLO), ~~CDOs (~~Collateralized Debt Obligations (CDOs) or ~~CBOs (~~Collateralized ~~Loan~~ Bond Obligations ~~(CLOs~~(CBO), indicate what the CLO/CDO/~~CLO~~ CBO collateral is, such as high-yield bonds, corporate loans, etc. If the collateral is of mixed type, indicate "mix," in addition to the largest type of collateral in the mix. If the collateral is derived synthetically, indicate "synthetic."

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~4~~3 – Disposal Date

For public placements, use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks disposed of at public offerings on more than one date may be totaled on one line and the date of last disposal inserted. ~~All asset-backed securities shall be separately reported (no aggregation of separate disposals).~~

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter date of last disposal.

Column ~~5~~4 – Name of Purchaser *(Detail Eliminated to Conserve Space)*

Column ~~7~~6 – Consideration

Include: In the determination of this amount, the broker's commission and incidental expenses of effecting delivery.

Exclude: Accrued interest and dividends.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter price received at sale, usually the number of shares sold times the selling price per share.

Column ~~8~~7 – Par Value

For ~~mortgage-backed/loan-backed and structured~~asset-backed securities, enter the par amount of principal sold on a security on which the reporting entity has a claim. For interest-only bonds without a principal amount on which the reporting entity has a claim, use a zero value. Enter the sale date par value for bonds with adjustable principal. An interest-only bond with a small par amount of principal would use that amount.

For preferred stock, enter par value per share of stock, if any.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter 0.

Column ~~9~~8 – Actual Cost *(Detail Eliminated to Conserve Space)*
Column ~~10~~9 – Prior Year Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~11~~10 – Unrealized Valuation Increase/(Decrease) *(Detail Eliminated to Conserve Space)*
Column ~~12~~11 – Current Year's (Amortization)/Accretion *(Detail Eliminated to Conserve Space)*

Column ~~13~~12 – Current Year's Other-Than-Temporary Impairment Recognized

If the security has suffered an "other-than-temporary impairment," this column should contain the amount of the direct write-down recognized. The amounts in this column are to be used in the calculation of Net Income.

Column ~~14~~13 – Total Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~15~~14 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve)*
Column ~~16~~15 – Book/Adjusted Carrying Value at Disposal Date *(Detail Eliminated to Conserve Space)*
Column ~~17~~16 – Foreign Exchange Gain (Loss) on Disposal *(Detail Eliminated to Conserve Space)*

Column ~~18~~17 – Realized Gain or (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, enter the difference between the consideration, Column ~~7~~ 6 and actual cost Column ~~9~~ 8 at date of sale.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column ~~8~~7) less the B/ACV at the Disposal Date (Column ~~16~~15).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column ~~19~~18 – Total Gain (Loss) On Disposal

Enter the sum of Column ~~17~~16, foreign exchange gain or (loss), and Column ~~18~~17, realized gain or (loss).

Column ~~20~~19 – Bond Interest/Stock Dividends Received During Year

For SSAP No. 30R funds and ~~Mutual Funds (including Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds~~)~~, enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Bonds called or tendered where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column ~~7~~6) less the Par value of the investment (Column ~~8~~7).

Bonds called or tendered where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with *SSAP No. 26R—Bonds*.

Column ~~21~~20 – Stated Contractual Maturity Date

For SSAP No. 30R funds and ~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds, leave blank.

For perpetual bonds, enter 01/01/9999.

Column ~~22~~21 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

Provide the appropriate combination of the NAIC Designation (1 through 6), NAIC Designation Modifier (A through G) and SVO Administrative Symbol (see below) at date of disposal for each security shown. The list of valid SVO Administrative Symbols is shown below.

Where multiple disposal transactions occurred for the same CUSIP, and those transactions are summarized on one line, enter the appropriate combination of NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol for the last disposal using the last available designation.

The listing of valid NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol combinations can be found on the NAIC's website for the Securities Valuation Office (*www.naic.org/svo.htm*).

~~Exchange Traded Funds – as Identified by the SVO~~SVO-Identified Bond Exchange Traded Funds should be reported as perpetual securities.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed but will be three sub-columns in the data table.

- ~~NAIC Designation Column 22A~~
- ~~NAIC Designation Modifier Column 22B~~
- ~~SVO Administrative Symbol Column 22C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

NAIC Designation Modifier:

The NAIC Designation Modifier should only be used for securities reported on the lines below if eligible to receive one, as defined in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), otherwise, should not be provided.

- Bonds — Lines ~~0109999999~~ 0019999999 through ~~2019999999~~1749999999
- Preferred Stocks — Lines 4019999999 and 4029999999
- Common Stocks — Lines 5319999999, 5519999999 and 5719999999

As defined in the P&P Manual, there is not an NAIC Designation Modifier for investments reporting an NAIC Designation 6, therefore, the NAIC Designation Modifier should not be provided.

**** Columns ~~23~~ 22 through ~~28~~ 27 will be electronic only. ****

Column 22 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 23 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~23~~24 – Agency, Sovereign Jurisdiction or State Abbreviation

Applies to:

Issuer Credit Obligations

U.S. Government Obligations (Exempt from RBC) 0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC) 0029999999
Non-U.S. Sovereign Jurisdiction Securities 0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed) 0049999999
Municipal Bonds – Special Revenue 0059999999

For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in the listing of agencies approved for these categories.)

For Non-U.S. report the country abbreviation detailed in the Annual Statement Instructions Appendix.

For municipal bonds, include the abbreviation for the state where the security is issued (e.g., "MO" for Missouri). For federal issuances, report the abbreviation for the agency issuer.

Asset-Backed Securities

Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)... 1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC). 1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC) 1049999999

For agency asset-backed securities (ABS), report the abbreviation for the agency issuing the ABS.

~~U.S. States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued (e.g., "MO" for Missouri).~~

~~U.S. Political Subdivisions of States, Territories and Possessions~~

~~Include appropriate state abbreviation for the state where the security is issued.~~

~~U.S. Special Revenue, Special Assessments Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Include appropriate state abbreviation for the state where the security is issued Use "US" for federal agency issues.~~

~~Column 24 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 25 – Issuer *(Detail Eliminated to Conserve Space)*
Column 26 – Issue *(Detail Eliminated to Conserve Space)*
Column 27 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 28 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE D – PART 1B

ACQUISITIONS, DISPOSITIONS AND NON-TRADING ACTIVITY DURING THE CURRENT QUARTER FOR ALL BONDS AND PREFERRED STOCK BY NAIC DESIGNATION

Report the summarized amounts of all bonds and preferred stock by NAIC designation. Include short-term and cash equivalent bonds in the category that most closely resembles their credit risk. Show all the acquisitions, dispositions and non-trading activities of bonds (long-term, short-term and cash equivalents) and preferred stock for each quarter. The Schedule is sorted by NAIC designation and includes Book/Adjusted Carrying Values for each quarter of the year.

Column 1 – Book/Adjusted Carrying Value Beginning of Current Quarter

a. 1st Quarter taken directly from prior year annual statement Schedule D, Part 1A, Section 1, Line ~~11~~51.1 to Line ~~11~~51.6, Column 7 for all bonds.

b. 2nd Quarter will be taken from prior quarter Column 5.

c. 3rd Quarter will be taken from prior quarter Column 6.

Detail Eliminated to Conserve Space

Column 8 – Book/Adjusted Carrying Value at December 31 Prior Year

Taken directly from prior year annual statement Schedule D, Part 1A, Section 1, Line ~~11~~51.1 to Line ~~11~~51.6, Column 7 for all bonds.

Removed this Quarterly page from proposal because the Schedule DA, Part 1 does not have detailed lines on the quarterly statement.

~~SCHEDULE DA – PART 1~~

~~SHORT-TERM INVESTMENTS OWNED END OF CURRENT QUARTER~~

~~Include all investments whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were one year or less except those defined as cash or cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-term Investments*. Provide summary totals only.~~

~~Repurchase and reverse repurchase agreements shall be shown gross when reported in the Schedule DA. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per SSAP No. 64.~~

~~Category~~	~~Line Number~~
~~Bonds:~~	
~~U.S. Government Obligations~~	~~0019999999~~
~~Other U.S. Government Securities~~	~~0029999999~~
~~Non-U.S. Sovereign Jurisdiction Securities~~	~~0039999999~~
~~Municipal Bonds – General Obligations~~	~~0049999999~~
~~Municipal Bonds – Special Revenue~~	~~0059999999~~
~~Project Finance Bonds Issued by Operating Entities (Unaffiliated)~~	~~0069999999~~
~~Project Finance Bonds Issued by Operating Entities (Affiliated)~~	~~0079999999~~
~~Corporate Bonds (Unaffiliated)~~	~~0089999999~~
~~Corporate Bonds (Affiliated)~~	~~0099999999~~
~~Mandatory Convertible Bonds (Unaffiliated)~~	~~0109999999~~
~~Mandatory Convertible Bonds (Affiliated)~~	~~0119999999~~
~~Single Entity Backed Obligations (Unaffiliated)~~	~~0129999999~~
~~Single Entity Backed Obligations (Affiliated)~~	~~0139999999~~
~~SVO-Identified Bond Exchange Traded Funds – Fair Value~~	~~0149999999~~
~~SVO-Identified Bond Exchange Traded Funds – Systematic Value~~	~~0159999999~~
~~Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)~~	~~0169999999~~
~~Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)~~	~~0179999999~~
~~Bank Loans – Issued (Unaffiliated)~~	~~0189999999~~
~~Bank Loans – Issued (Affiliated)~~	~~0199999999~~
~~Bank Loans – Acquired (Unaffiliated)~~	~~0209999999~~
~~Bank Loans – Acquired (Affiliated)~~	~~0219999999~~
~~Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)~~	~~0229999999~~
~~Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)~~	~~0239999999~~
~~Other Issuer Credit Obligations (Unaffiliated)~~	~~0259999999~~
~~Other Issuer Credit Obligations (Affiliated)~~	~~0269999999~~

~~Total Bonds~~

~~Subtotals – Issuer Credit Obligations (Unaffiliated)~~ .... ~~0489999999~~
~~Subtotals – Issuer Credit Obligations (Affiliated)~~ .... ~~0499999999~~
~~Subtotals – Issuer Credit Obligations~~ .... ~~0509999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Mortgage Loans~~ .... ~~7019999999~~
~~Other Short-Term Invested Assets~~ .... ~~7029999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates~~ .... ~~7109999999~~

~~Mortgage Loans~~ .... ~~7309999999~~

~~Other Short-Term Invested Assets~~ .... ~~7509999999~~

~~Total Short-Term Investments~~ .... ~~7709999999~~

SCHEDULE DL – PART 1

SECURITIES LENDING COLLATERAL ASSETS
Reinvested Collateral Assets Owned Current Statement Date
(Securities lending collateral assets reported in aggregate on Line 10 of the asset page
and not included on Schedules A, B, BA, D, DB and E.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current statement date. For Schedule DL reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged. This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's unaffiliated agent (i.e., collateral is received by the reporting entity's unaffiliated agent that can be resold or repledged). These securities will be reported in aggregate on the Assets page, Line 10.

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10 or reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E), but not both.

Reinvested collateral assets reported on Schedule DL, Part 1 are excluded from other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

SVO-Identified Bond Exchange Traded Funds ~~— as Identified by the SVO~~, which are described in the Investment Schedules General Instructions, are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

Category	Line Number
Issuer Credit Obligations (Schedule D, Part 1, Section 1 type):	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Total Issuer Credit Obligations	0509999999
Asset-Backed Securities (Schedule D, Part 1, Section 2 type):	
Financial Asset-Backed – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated)	1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated)	1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated)	1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated)	1129999999
Financial Asset-Backed – Not Self-Liquidating	
Equity Backed Securities (Unaffiliated)	1319999999
Equity Backed Securities (Affiliated)	1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)	1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)	1349999999

Non-Financial Asset-Backed Securities – Practical Expedient
Lease-Backed Securities – Practical Expedient (Unaffiliated)........ 1519999999
Lease-Backed Securities – Practical Expedient (Affiliated)........ 1529999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)........ 1539999999
Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated)........ 1549999999
Non-Financial Asset-Backed Securities – Full Analysis
Lease-Backed Securities – Full Analysis (Unaffiliated)........ 1719999999
Lease-Backed Securities – Full Analysis (Affiliated)........ 1729999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)........ 1739999999
Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated)........ 1749999999

Total – Asset-Backed Securities........ 1909999999

Total – Issuer Credit Obligations and Asset-Backed Securities........ 2009999999

~~Bonds (Schedule D, Part 1 type):~~

~~U.S. Governments~~

~~Issuer Obligations........ 0019999999~~
~~Residential Mortgage-Backed Securities........ 0029999999~~
~~Commercial Mortgage-Backed Securities........ 0039999999~~
~~Other Loan-Backed and Structured Securities........ 0049999999~~
~~Subtotals – U.S. Governments........ 0109999999~~

~~All Other Governments~~

~~Issuer Obligations........ 0219999999~~
~~Residential Mortgage-Backed Securities........ 0229999999~~
~~Commercial Mortgage-Backed Securities........ 0239999999~~
~~Other Loan-Backed and Structured Securities........ 0249999999~~
~~Subtotals – All Other Governments........ 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations........ 0419999999~~
~~Residential Mortgage-Backed Securities........ 0429999999~~
~~Commercial Mortgage-Backed Securities........ 0439999999~~
~~Other Loan-Backed and Structured Securities........ 0449999999~~
~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed)........ 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations........ 0619999999~~
~~Residential Mortgage-Backed Securities........ 0629999999~~
~~Commercial Mortgage-Backed Securities........ 0639999999~~
~~Other Loan-Backed and Structured Securities........ 0649999999~~
~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)........ 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Issuer Obligations........ 0819999999~~

~~Residential Mortgage-Backed Securities........ 0829999999~~
~~Commercial Mortgage-Backed Securities........ 0839999999~~
~~Other Loan-Backed and Structured Securities........ 0849999999~~
~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions........ 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Issuer Obligations........ 1019999999~~
~~Residential Mortgage-Backed Securities........ 1029999999~~
~~Commercial Mortgage-Backed Securities........ 1039999999~~
~~Other Loan-Backed and Structured Securities........ 1049999999~~
~~Subtotals – Industrial and Miscellaneous (Unaffiliated)........ 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations~~ .... ~~1219999999~~
~~Residential Mortgage-Backed Securities~~ .... ~~1229999999~~
~~Commercial Mortgage-Backed Securities~~ .... ~~1239999999~~
~~Other Loan-Backed and Structured Securities~~ .... ~~1249999999~~
~~Subtotals – Hybrid Securities~~ .... ~~1309999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Issuer Obligations~~ .... ~~1419999999~~
~~Residential Mortgage-Backed Securities~~ .... ~~1429999999~~
~~Commercial Mortgage-Backed Securities~~ .... ~~1439999999~~
~~Other Loan-Backed and Structured Securities~~ .... ~~1449999999~~
~~Affiliated Bank Loans – Issued~~ .... ~~1459999999~~
~~Affiliated Bank Loans – Acquired~~ .... ~~1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates~~ .... ~~1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO~~ .... ~~1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued~~ .... ~~1819999999~~
~~Unaffiliated Bank Loans – Acquired~~ .... ~~1829999999~~
~~Subtotals – Unaffiliated Bank Loans~~ .... ~~1909999999~~

~~Unaffiliated Certificates of Deposit~~ .... ~~2019999999~~

~~Total Bonds~~

~~Subtotals – Issuer Obligations~~ .... ~~2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities~~ .... ~~2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities~~ .... ~~2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities~~ .... ~~2449999999~~
~~Subtotals – SVO Identified Funds~~ .... ~~2459999999~~
~~Subtotals – Affiliated Bank Loans~~ .... ~~2469999999~~
~~Subtotals – Unaffiliated Bank Loans~~ .... ~~2479999999~~
~~Subtotals – Unaffiliated Certificates of Deposit~~ .... ~~2489999999~~
~~Subtotals – Total Bonds~~ .... ~~2509999999~~

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0019999999 through ~~2509999999~~2009999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 11.

The CUSIP reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 ..... Schedule D, Part 1, Section 1, Column 1
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 1
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .... Schedule BA, Part 1, Column 1
Line 9709999999 .... Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A type)	9209999999
Mortgage Loans on Real Estate (Schedule B type)	9309999999
Short-Term Invested Assets (Schedule DA, Part 1 type)	9509999999
Cash (Schedule E, Part 1 type)	9609999999
Other Assets	9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For SVO-Identified Bond Exchange Traded Funds~~ as Identified by the SVO~~, enter the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year.~~the complete name of the fund.~~

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "&" in this column for To Be Announced (TBA) securities.~~

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

~~If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero-coupon bond, certificates of deposit under the FDIC limit or a To Be Announced (TBA) security and is not under the exclusive control of the company, the "*", "@"" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999	Schedule D, Part 1, Section 1, Column ~~6~~4
Lines 1019999999 through 1909999999	Schedule D, Part 1, Section 2, Column 4
Lines 4019999999 through 4509999999	Schedule D, Part 2, Section 1, Column ~~20~~19
Lines 5019999999 through 5989999999	Schedule D, Part 2, Section 2, Column 17
Line 9409999999	Schedule BA, Part 1, Column 7
Line 9509999999	Schedule DA, Part 1, Column 22
Line 9709999999	Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- ~~NAIC Designation Column 4A~~
- ~~NAIC Designation Modifier Column 4B~~
- ~~SVO Administrative Symbol Column 4C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

Column 5 – Fair Value

The value reported for this column should be determined in a manner consistent with the fair value column instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~9~~7
Lines 1019999999 through 1909999999 ....Schedule D, Part 1, Section 2, Column 7
Lines 4019999999 through 4509999999 ....Schedule D, Part 2, Section 1, Column ~~10~~9
Lines 5019999999 through 5989999999 ....Schedule D, Part 2, Section 2, Column ~~8~~7
Line 9209999999 ....Schedule A, Part 1, Column 10
Line 9309999999 ....FV of the underlying collateral Schedule B, Part 1
Line 9409999999 ....Schedule BA, Part 1, Column 11

For those lines where the same type of investment is reported on other schedules but do not have a fair value column, report the amount consistent with instructions for the following:

Line 9509999999 ....Report B/ACV, Schedule DA, Column ~~7~~6
Line 9609999999 ....Report Balance, Schedule E Part 1, Column 6
Line 9709999999 ....Report B/ACV, Schedule E Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~11~~8
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 8
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~8~~7
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~6~~5
Line 9209999999 .... Schedule A, Part 1, Column 9
Line 9309999999 .... Schedule B, Part 1, Column 8
Line 9409999999 .... Schedule BA, Part 1, Column 12
Line 9509999999 .... Schedule DA, Part 1, Column ~~7~~6
Line 609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~22~~19
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 19
Line 9509999999 .... Schedule DA, Column ~~6~~5
Line 9709999999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 .... Preferred Stock (Schedule D, Part 2, Section 1 type)
5019999999 through 5989999999 .... Common Stock (Schedule D, Part 2, Section 2 type)
9209999999 .... Real Estate (Schedule A type)
9309999999 .... Mortgage Loans on Real Estate (Schedule B type)
9409999999 .... Other Invested Assets (Schedule BA type)
9809999999 .... Other Assets

**** Columns 8 through 10 will be electronic only. ****

Column 8 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through 0509999999 .... Schedule D, Part 1, Section 1, Column 21
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 22
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 21
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 18
Line 9309999999 .... Schedule B, Part 1, Column 16
Line 9409999999 .... Schedule BA, Part 1, Column 21
Line 9509999999 .... Schedule DA, Part 1, Column 20
Line 9709999999 .... Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A type) 9209999999
Cash (Schedule E, Part 1 type).. 9609999999
Other Assets 9809999999

Column 9 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

~~Column 8 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~9~~10 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column ~~1~~35
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 37
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column ~~1~~27
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~1~~

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A type) 9209999999
Mortgage Loans on Real Estate (Schedule B type).. 9309999999
Other Invested Assets (Schedule BA type).. 9409999999
Short-Term Invested Assets (Schedule DA, Part 1 type)... 9509999999
Cash (Schedule E, Part 1 type).. 9609999999
Cash Equivalents (Schedule E, Part 2 type).. 9709999999
Other Assets.. 9809999999

~~Column 10 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

~~The code reported for this column should be determined in a manner consistent with the instructions of other schedules for the lines shown below:~~

~~Lines 0019999999 through 2509999999 .... Schedule D, Part 1, Column 35~~

~~Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 28~~
~~Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~
~~Line 9309999999 .... Schedule B, Part 1, Column 20~~
~~Line 9409999999 .... Schedule BA, Part 1, Column 27~~
~~Line 9509999999 .... Schedule DA, Part 1, Column 23~~
~~Line 9709999999 .... Schedule E, Part 2, Column 12~~

~~The column should be left blank for the following lines:~~

~~Real Estate (Schedule A type) .... 9209999999~~
~~Cash (Schedule E, Part 1 type).. 9609999999~~
~~Other Assets.. 9809999999~~

SCHEDULE DL – PART 2

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the asset page.)

This schedule should include a detailed listing of reinvested collateral assets that were owned as of the end of the current statement date. For Schedule DL, reinvested collateral assets are collateral currently held as part of a securities lending program administered by the reporting entity or its agent (affiliated or unaffiliated) that can be resold or repledged This is the **currently held collateral**, meaning original collateral if it is still in the original form received or the new invested asset resulting from the disposal and/or reinvestment of the original collateral. See *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, for accounting guidance.

Include reinvested collateral assets from securities lending programs where the program is administered by the reporting entity (i.e., collateral is received by the reporting entity's unaffiliated agent that can be resold or repledged).

For reinvested collateral assets from securities lending programs where the program is administered by the reporting entity's affiliated agent (i.e., collateral is received by the reporting entity's affiliated agent that can be resold or repledged), the securities may be reported on Schedule DL, Part 2 if reported in other investment schedules (e.g., Schedules A, B, BA, D, DA and E) or reported on Schedule DL, Part 1 if reported in aggregate on the Assets page, Line 10, but not both.

Reinvested collateral assets reported on Schedule DL, Part 2 are included in the other investment schedules (e.g., Schedules A, B, BA, D, DA and E).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Securities borrowing and securities lending transactions shall be shown gross when reported in the Schedule DL. If these transactions are permitted to be reported net in accordance with *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*, the investment schedule shall continue to provide detail of all transactions (gross), with the net amount from the valid right to offset reflected in the financial statements (pages 2 & 3 of the statutory financial statements). Disclosures for items reported net when a valid right to offset exists, including the gross amount, the amount offset, and the net amount reported in the financial statements are required per *SSAP No. 64—Offsetting and Netting of Assets and Liabilities*.

SVO-Identified Bond Exchange Traded Funds ~~as Identified by the SVO~~ that are described in the Investment Schedules General Instructions are to be included in SVO Identified Funds.

If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

NOTE: See the Investment Schedules General Instructions for the following:

- **Category definitions for bonds and stocks.**
- **Restricted Asset Code column list of codes and definitions for securities not under the exclusive control of the reporting entity.**

Category	Line Number
Issuer Credit Obligations (Schedule D, Part 1, Section 1 ~~type~~):	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenues	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans - Issued (Unaffiliated)	0189999999
Bank Loans - Issued (Affiliated)	0199999999
Bank Loans - Acquired (Unaffiliated)	0209999999
Bank Loans - Acquired (Affiliated)	0219999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Certificates of Deposit (Unaffiliated)	0249999999
Certificates of Deposit (Affiliated)	0259999999
Other Issuer Credit Obligations (Unaffiliated)	~~0259999999~~0269999999
Other Issuer Credit Obligations (Affiliated)	~~0269999999~~0279999999
Total Issuer Credit Obligations	0509999999
Asset-Backed Securities (Schedule D, Part 1, Section 2 ~~type~~):	
Financial Asset-Backed – Self-Liquidating	
Agency Residential Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1019999999
Agency Commercial Mortgage-Backed Securities – Guaranteed (Exempt from RBC)	1029999999
Agency Residential Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1039999999
Agency Commercial Mortgage-Backed Securities – Not/Partially Guaranteed (Not Exempt from RBC)	1049999999
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	1059999999
Non-Agency Residential Mortgage-Backed Securities (Affiliated)	1069999999
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1079999999
Non-Agency Commercial Mortgage-Backed Securities (Affiliated)	1089999999
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	1099999999
Non-Agency – CLOs/CBOs/CDOs (Affiliated)	1109999999
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	1119999999
Other Financial Asset-Backed Securities – Self-Liquidating (Affiliated)	1129999999
Financial Asset-Backed – Not Self-Liquidating	
Equity Backed Securities (Unaffiliated)	1319999999
Equity Backed Securities (Affiliated)	1329999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)	1339999999
Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)	1349999999

Non-Financial Asset-Backed Securities – Practical Expedient
- Lease-Backed Securities – Practical Expedient (Unaffiliated) 1519999999
- Lease-Backed Securities – Practical Expedient (Affiliated) 1529999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated) 1539999999
- Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated) 1549999999

Non-Financial Asset-Backed Securities – Full Analysis
- Lease-Backed Securities – Full Analysis (Unaffiliated) 1719999999
- Lease-Backed Securities – Full Analysis (Affiliated) 1729999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated) 1739999999
- Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated) 1749999999

Total – Asset-Backed Securities 1909999999

Total – Issuer Credit Obligations and Asset-Backed Securities 2009999999

~~Bonds (Schedule D, Part 1):~~

~~U.S. Governments~~
- ~~Issuer Obligations .... 0019999999~~
- ~~Residential Mortgage-Backed Securities .... 0029999999~~
- ~~Commercial Mortgage-Backed Securities .... 0039999999~~
- ~~Other Loan-Backed and Structured Securities .... 0049999999~~
- ~~Subtotals – U.S. Governments .... 0109999999~~

~~All Other Governments~~
- ~~Issuer Obligations .... 0219999999~~
- ~~Residential Mortgage-Backed Securities .... 0229999999~~
- ~~Commercial Mortgage-Backed Securities .... 0239999999~~
- ~~Other Loan-Backed and Structured Securities .... 0249999999~~
- ~~Subtotals – All Other Governments .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0419999999~~
- ~~Residential Mortgage-Backed Securities .... 0429999999~~
- ~~Commercial Mortgage-Backed Securities .... 0439999999~~
- ~~Other Loan-Backed and Structured Securities .... 0449999999~~
- ~~Subtotals – U.S. States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~
- ~~Issuer Obligations .... 0619999999~~
- ~~Residential Mortgage-Backed Securities .... 0629999999~~
- ~~Commercial Mortgage-Backed Securities .... 0639999999~~
- ~~Other Loan-Backed and Structured Securities .... 0649999999~~
- ~~Subtotals – U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~
- ~~Issuer Obligations .... 0819999999~~
- ~~Residential Mortgage-Backed Securities .... 0829999999~~
- ~~Commercial Mortgage-Backed Securities .... 0839999999~~
- ~~Other Loan-Backed and Structured Securities .... 0849999999~~
- ~~Subtotals – U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~
- ~~Issuer Obligations .... 1019999999~~
- ~~Residential Mortgage-Backed Securities .... 1029999999~~
- ~~Commercial Mortgage-Backed Securities .... 1039999999~~
- ~~Other Loan-Backed and Structured Securities .... 1049999999~~
- ~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations.. 1219999999~~
~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial Mortgage-Backed Securities.. 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~
~~Subtotals – Hybrid Securities.. 1309999999~~

~~Parent, Subsidiaries and Affiliates~~

~~Issuer Obligations.. 1419999999~~
~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities.. 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~
~~Affiliated Bank Loans – Issued.. 1459999999~~
~~Affiliated Bank Loans – Acquired .... 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates.. 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO.. 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued .... 1819999999~~
~~Unaffiliated Bank Loans – Acquired.. 1829999999~~
~~Subtotals – Unaffiliated Bank Loans.. 1909999999~~

~~Unaffiliated Certificates of Deposit... 2019999999~~

~~Total Bonds~~

~~Subtotals – Issuer Obligations.. 2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities.. 2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities .... 2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities .... 2449999999~~
~~Subtotals – SVO Identified Funds.. 2459999999~~
~~Subtotals – Affiliated Bank Loans .... 2469999999~~
~~Subtotals – Unaffiliated Bank Loans.. 2479999999~~
~~Subtotals – Unaffiliated Certificates of Deposit.. 2489999999~~
~~Subtotals – Total Bonds .... 2509999999~~

Detail Eliminated to Conserve Space

Column 1 – CUSIP Identification

CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard & Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard & Poor's CUSIP Bureau: *www.cusip.com/cusip/index.htm*.

For Lines 0019999999 through 2509999999, if no valid CUSIP, CINS or PPN number exists, then the CUSIP field should be zero-filled and a valid ISIN security number should be reported in Column 11.

The CUSIP reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column 1
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 1
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 1
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 1
Line 9409999999 .... Schedule BA, Part 1, Column 1
Line 9709999999 .... Schedule E, Part 2, Column 1

The CUSIP number should be zero-filled for the following lines:

Real Estate (Schedule A)	9209999999
Mortgage Loans on Real Estate (Schedule B)	9309999999
Short-Term Invested Assets (Schedule DA, Part 1)	9509999999
Cash (Schedule E, Part 1)	9609999999
Other Assets	9809999999

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuations of Securities*.

For SVO-Identified Bond Exchange Traded Funds~~ as Identified by the SVO~~, enter the name of the fund as it appears on the NAIC SVO-Identified Bonds ETF listing as of December 31 of the current year.~~the complete name of the fund.~~

For Certificate of Deposit Account Registry Service (CDARs) or other similar services that have a maturity of greater than one year, individually list the various banking institutions that are financially responsible for honoring certificates of deposit.

Column 3 – Restricted Asset Code

~~Enter "*" in this column for all SVO Identified Funds designated for systematic value.~~

~~Enter "@" in this column for all Principal STRIP Bonds or other zero-coupon bonds.~~

~~Enter "&" in this column for To Be Announced (TBA) securities.~~

If assets are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes (**identified in the Investment Schedules General Instructions**) in this column.

~~If the security is an SVO Identified Fund designated for systematic value, Principal STRIP bond or other zero-coupon bond, certificates of deposit under the FDIC limit or a To Be Announced (TBA) security and is not under the exclusive control of the company, the "*", "@"" or "&" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Column 4 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999	Schedule D, Part 1, Section 1, Column ~~6~~4
Lines 1019999999 through 1909999999	Schedule D, Part 1, Section 2, Column 4
Lines 4019999999 through 4509999999	Schedule D, Part 2, Section 1, Column ~~20~~19
Lines 5019999999 through 5989999999	Schedule D, Part 2, Section 2, Column 17
Line 9409999999	Schedule BA, Part 1, Column 7
Line 9509999999	Schedule DA, Part 1, Column 22
Line 9709999999	Schedule E, Part 2, Column 11

For Lines 9209999999, 9309999999, 9609999999 and 9809999999, the column should be left blank.

The NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol will be shown as one column on the printed schedule but will be three sub-columns in the data table.

- ~~NAIC Designation Column 4A~~
- ~~NAIC Designation Modifier Column 4B~~
- ~~Administrative Symbol Column 4C~~

On the printed page the sub-columns should be displayed with a "." between the NAIC Designation and the NAIC Designation Modifier with a space between the NAIC Designation Modifier and the SVO Administrative Symbol (e.g., "1.A YE").

Column 5 – Fair Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~9~~7
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 7
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~10~~9
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~8~~7
Line 9209999999 .... Schedule A, Part 1, Column 10
Line 9309999999 .... FV of the underlying collateral Schedule B, Part 1
Line 9409999999 .... Schedule BA, Part 1, Column 11

For those lines where the same investment is reported on other schedules but do not have a fair value column, report the amount in these columns in the other schedules for the lines shown below:

Line 9509999999 .... Report B/ACV, Schedule DA, Column ~~7~~6
Line 9609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Report B/ACV, Schedule E, Part 2, Column 7

Column 6 – Book/Adjusted Carrying Value

The value reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~11~~8
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 8
Lines 4019999999 through 4509999999 ...... Schedule D, Part 2, Section 1, Column ~~8~~7
Lines 5019999999 through 5989999999 ...... Schedule D, Part 2, Section 2, Column ~~6~~5
Line 9209999999 .... Schedule A, Part 1, Column 9
Line 9309999999 .... Schedule B, Part 1, Column 8
Line 9409999999 .... Schedule BA, Part 1, Column 12
Line 9509999999 .... Schedule DA, Part 1, Column ~~7~~6
Line 9609999999 .... Report Balance, Schedule E, Part 1, Column 6
Line 9709999999 .... Schedule E, Part 2, Column 7

Column 7 – Maturity Date

The maturity date reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999 Schedule D, Part 1, Section 1, Column ~~22~~19
Lines 1019999999 through 1909999999 ...... Schedule D, Part 1, Section 2, Column 19
Line 9509999999 .... Schedule DA, Column ~~6~~5
Line 9709999999 .... Schedule E, Part 2, Column 6

The following lines are considered assets with no maturity date and should be left blank:

4019999999 through 4509999999 .... Preferred Stock (Schedule D, Part 2, Section 1)
5019999999 through 5989999999 .... Common Stock (Schedule D, Part 2, Section 2)
9209999999 .... Real Estate (Schedule A)
9309999999 .... Mortgage Loans on Real Estate (Schedule B)
9409999999 .... Other Invested Assets (Schedule BA)
9809999999 .... Other Assets

**** Columns 8 through 10 will be electronic only. ****

Column 8 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

The code reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through 0509999999 .... Schedule D, Part 1, Section 1, Column 21
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 22
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 21
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 18
Line 9309999999 .... Schedule B, Part 1, Column 16
Line 9409999999 .... Schedule BA, Part 1, Column 21
Line 9509999999 .... Schedule DA, Part 1, Column 20
Line 9709999999 .... Schedule E, Part 2, Column 10

The column should be left blank for the following lines:

Real Estate (Schedule A) 9209999999
Cash (Schedule E, Part 1) 9609999999
Other Assets 9809999999

Column 9 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Investment terms permit interest to be received in a form other than cash.

2. Investment terms permit payment of interest to be deferred without being considered past due.

3. Interest due and accrued has been written off as uncollectible and/or nonadmitted.

4. Investment has a current year or prior year recognized other-than-temporary impairment.

5. Investment is an interest-only strip

6. Investment is a principal-only strip

7. Investment reflects a To-Be-Announced (TBA) security that will qualify as an issuer credit obligation or asset-backed security at the time the reporting entity takes possession of the issued security.

~~Column 8 – Legal Entity Identifier (LEI)~~

~~Provide the 20 character Legal Entity Identifier (LEI) for any mortgagor, issuer or counterparty as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~9~~10 – ISIN Identification

The International Securities Identification Numbering (ISIN) system is an international standard set up by the International Organization for Standardization (ISO). It is used for numbering specific securities, such as stocks, bonds, options and futures. ISIN numbers are administered by a National Numbering Agency (NNA) in each of their respective countries, and they work just like serial numbers for those securities. Record the ISIN number only if no valid CUSIP, CINS or PPN exists to report in Column 1.

The ISIN reported for this column should be same for the security as reported in other schedules for the lines shown below:

Lines 0019999999 through ~~2509999999~~0509999999..... Schedule D, Part 1, Section 1, Column ~~1~~35
Lines 1019999999 through 1909999999 .... Schedule D, Part 1, Section 2, Column 37
Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column ~~1~~27
Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~1~~

The ISIN number should be zero-filled for the following lines:

Real Estate (Schedule A) 9209999999
Mortgage Loans on Real Estate (Schedule B) 9309999999
Other Invested Assets (Schedule BA)... 9409999999
Short-Term Invested Assets (Schedule DA, Part 1).. 9409999999
Cash (Schedule E, Part 1) 9609999999
Cash Equivalents (Schedule E, Part 2).. 9709999999
Other Assets 9809999999

~~Column 10 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

~~The code reported for this column should be same for the security as reported in other schedules for the lines shown below:~~

~~Lines 0019999999 through 2509999999 .... Schedule D, Part 1, Column 35~~

~~Lines 4019999999 through 4509999999 .... Schedule D, Part 2, Section 1, Column 28~~
~~Lines 5019999999 through 5989999999 .... Schedule D, Part 2, Section 2, Column 25~~
~~Line 9309999999 .... Schedule B, Part 1, Column 20~~
~~Line 9409999999 .... Schedule BA, Part 1, Column 27~~
~~Line 9509999999 .... Schedule DA, Part 1, Column 23~~
~~Line 9709999999 .... Schedule E, Part 2, Column 12~~

~~The column should be left blank for the following lines:~~

~~Real Estate (Schedule A) .... 9209999999~~
~~Cash (Schedule E, Part 1) .... 9609999999~~
~~Other Assets .... 9809999999~~

SCHEDULE E – PART 2 – CASH EQUIVALENTS

INVESTMENTS OWNED END OF CURRENT QUARTER

List all investments owned whose maturities (or repurchase dates under repurchase agreement) at the time of acquisition were three months or less, as defined as cash equivalents in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*. Include Money Market Mutual Funds.

Detail Eliminated to Conserve Space

Category	Line Number
~~Bonds~~Issuer Credit Obligations:	
U.S. Government Obligations (Exempt from RBC)	0019999999
Other U.S. Government ~~Securities~~Obligations (Not Exempt from RBC)	0029999999
Non-U.S. Sovereign Jurisdiction Securities	0039999999
Municipal Bonds – General Obligations (Direct and Guaranteed)	0049999999
Municipal Bonds – Special Revenue	0059999999
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	0069999999
Project Finance Bonds Issued by Operating Entities (Affiliated)	0079999999
Corporate Bonds (Unaffiliated)	0089999999
Corporate Bonds (Affiliated)	0099999999
Mandatory Convertible Bonds (Unaffiliated)	0109999999
Mandatory Convertible Bonds (Affiliated)	0119999999
Single Entity Backed Obligations (Unaffiliated)	0129999999
Single Entity Backed Obligations (Affiliated)	0139999999
SVO-Identified Bond Exchange Traded Funds – Fair Value	0149999999
SVO-Identified Bond Exchange Traded Funds – Systematic Value	0159999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)	0169999999
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)	0179999999
Bank Loans – Issued (Unaffiliated)	0189999999
Bank Loans – Issued (Affiliated)	0199999999
Bank Loans – Acquired (Unaffiliated)	0209999999
Bank Loans – Acquired (Affiliated)	0219999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)	0229999999
Mortgages Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)	0239999999
Other Issuer Credit Obligations (Unaffiliated)	0259999999
Other Issuer Credit Obligations (Affiliated)	0269999999
~~U.S. Governments~~	
~~Issuer Obligations~~	~~0019999999~~
~~Residential Mortgage-Backed Securities~~	~~0029999999~~
~~Commercial Mortgage-Backed Securities~~	~~0039999999~~
~~Other Loan-Backed and Structured Securities~~	~~0049999999~~
~~Subtotals – U.S. Government Bonds~~	~~0109999999~~
~~All Other Governments~~	
~~Issuer Obligations~~	~~0219999999~~
~~Residential Mortgage-Backed Securities~~	~~0229999999~~
~~Commercial Mortgage-Backed Securities~~	~~0239999999~~

~~Other Loan-Backed and Structured Securities .... 0249999999~~
~~Subtotals – All Other Government Bonds .... 0309999999~~

~~U.S. States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0419999999~~
~~Residential Mortgage-Backed Securities .... 0429999999~~
~~Commercial Mortgage-Backed Securities .... 0439999999~~
~~Other Loan-Backed and Structured Securities .... 0449999999~~
~~Subtotals – States, Territories and Possessions (Direct and Guaranteed) .... 0509999999~~

~~U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)~~

~~Issuer Obligations .... 0619999999~~
~~Residential Mortgage-Backed Securities .... 0629999999~~
~~Commercial Mortgage-Backed Securities .... 0639999999~~
~~Other Loan-Backed and Structured Securities .... 0649999999~~
~~Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) .... 0709999999~~

~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions~~

~~Issuer Obligations .... 0819999999~~
~~Residential Mortgage-Backed Securities .... 0829999999~~
~~Commercial Mortgage-Backed Securities .... 0839999999~~
~~Other Loan-Backed and Structured Securities .... 0849999999~~
~~Subtotals – Special Revenue and Special Assessment Obligations and all Non-Guaranteed of Agencies and Authorities of Governments and Their Political Subdivisions .... 0909999999~~

~~Industrial and Miscellaneous (Unaffiliated)~~

~~Issuer Obligations .... 1019999999~~
~~Residential Mortgage-Backed Securities .... 1029999999~~
~~Commercial Mortgage-Backed Securities .... 1039999999~~
~~Other Loan-Backed and Structured Securities .... 1049999999~~
~~Subtotals – Industrial and Miscellaneous (Unaffiliated) .... 1109999999~~

~~Hybrid Securities~~

~~Issuer Obligations .... 1219999999~~
~~Residential Mortgage-Backed Securities .... 1229999999~~
~~Commercial Mortgage-Backed Securities .... 1239999999~~
~~Other Loan-Backed and Structured Securities .... 1249999999~~
~~Subtotals – Hybrid Securities .... 1309999999~~

~~Parent, Subsidiaries and Affiliates Bonds~~

~~Issuer Obligations .... 1419999999~~
~~Residential Mortgage-Backed Securities .... 1429999999~~
~~Commercial Mortgage-Backed Securities .... 1439999999~~
~~Other Loan-Backed and Structured Securities .... 1449999999~~
~~Affiliated Bank Loans – Issued .... 1459999999~~
~~Affiliated Bank Loans – Acquired .... 1469999999~~
~~Subtotals – Parent, Subsidiaries and Affiliates Bonds .... 1509999999~~

~~SVO Identified Funds~~

~~Exchange Traded Funds – as Identified by the SVO .... 1619999999~~

~~Unaffiliated Bank Loans~~

~~Unaffiliated Bank Loans – Issued .... 1819999999~~
~~Unaffiliated Bank Loans – Acquired .... 1829999999~~
~~Subtotals – Unaffiliated Bank Loans .... 1909999999~~

Total ~~Bonds~~Issuer Credit Obligations

~~Subtotals – Issuer Obligations..2419999999~~
~~Subtotals – Residential Mortgage-Backed Securities..2429999999~~
~~Subtotals – Commercial Mortgage-Backed Securities ....2439999999~~
~~Subtotals – Other Loan-Backed and Structured Securities ....2449999999~~
~~Subtotals – SVO Identified Funds...2459999999~~
Subtotals – ~~Affiliated Bank Loans~~Issuer Credit Obligations (Unaffiliated)............. ~~2469999999~~0489999999
Subtotals – ~~Unaffiliated Bank Loans~~Issuer Credit Obligations (Affiliated)............. ~~2479999999~~0499999999
Subtotals – ~~Bonds~~Issuer Credit Obligations... ~~2509999999~~0509999999

Sweep Accounts.. 8109999999
Exempt Money Market Mutual Funds – as Identified by SVO 8209999999
All Other Money Market Mutual Funds 8309999999
Qualified Cash Pools Under SSAP No. 2R.. 8409999999
Other Cash Equivalents 8509999999
Total Cash Equivalents 8609999999

Detail Eliminated to Conserve Space

Column 3 – Restricted Asset Code

Enter "%" in this column for all investments except qualifying cash pooling structures per SSAP No. 2R and money market mutual funds which have been reported on this schedule for more than one consecutive quarter.

If a cash equivalent is not under the exclusive control of the reporting entity, it is to be identified by placing one of the **codes identified in the Investment Schedules General Instructions** in this column.

If the "%" code is used, the "%" code should appear first, immediately followed by the appropriate code for not being under the exclusive control of the company (**identified in the Investment Schedules General Instructions**).

Detail Eliminated to Conserve Space

**** Column 10 ~~and 11~~ will be electronic only. ****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 10 Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

~~Column 11 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

ANNUAL STATEMENT BLANKS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

~~SCHEDULE D – PART 1~~

~~Showing All Long-Term **BONDS** Owned December 31 of Current Year~~

~~1~~	~~2~~	~~Codes~~			~~6~~	~~7~~	~~Fair Value~~		~~10~~	~~11~~	~~Change in Book/Adjusted Carrying Value~~				~~Interest~~					~~Dates~~	
		~~3~~	~~4~~	~~5~~			~~8~~	~~9~~			~~12~~	~~13~~	~~14~~	~~15~~	~~16~~	~~17~~	~~18~~	~~19~~	~~20~~	~~21~~	~~22~~
~~CUSIP Identification~~	~~Description~~	~~Code~~	~~Foreign~~	~~Bond CHAR~~	~~NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol~~	~~Actual Cost~~	~~Rate Used To Obtain Fair Value~~	~~Fair Value~~	~~Par Value~~	~~Book / Adjusted Carrying Value~~	~~Unrealized Valuation Increase/ (Decrease)~~	~~Current Year's (Amortization)/ Accretion~~	~~Current Year's Other-Than-Temporary Impairment Recognized~~	~~Total Foreign Exchange Change in B./A.C.V.~~	~~Rate of~~	~~Effective Rate of~~	~~When Paid~~	~~Admitted Amount Due & Accrued~~	~~Amount Rec. During Year~~	~~Acquired~~	~~Stated Contractual Maturity Date~~
~~2509999999 Total Bonds~~							~~XXX~~								~~XXX~~	~~XXX~~	~~XXX~~			~~XXX~~	~~XXX~~

~~1.~~

~~Line Number~~	~~Book/Adjusted Carrying Value by NAIC Designation Category Footnote:~~						
~~1A~~	~~1A $~~	~~1B $~~	~~1C $~~	~~1D $~~	~~1E $~~	~~1F $~~	~~1G $~~
~~1B~~	~~2A $~~	~~2B $~~	~~2C $~~				
~~1C~~	~~3A $~~	~~3B $~~	~~3C $~~				
~~1D~~	~~4A $~~	~~4B $~~	~~4C $~~				
~~1E~~	~~5A $~~	~~5B $~~	~~5C $~~				
~~1F~~	~~6 $~~						

SCHEDULE D – PART 1 – SECTION 1

Showing All Long-Term **BONDS – ISSUER CREDIT OBLIGATIONS** Owned December 31 of Current Year

1	2	3	4	5	6	7	8	Change in Book/Adjusted Carrying Value				Interest					Dates		
								9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Description	Restricted Asset Code	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	Actual Cost	Par Value	Fair Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Stated Rate Of Interest	Effective Rate Of Interest	Interest When Paid	Interest Income Due & Accrued	Interest Received During Year	Acquired Date	Stated Contractual Maturity Date	Payment Due at Maturity
0509999999	Total Issuer Credit Obligations											XXX	XXX	XXX			XXX	XXX	

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $	1B $	1C $	1D $	1E $	1F $	1G $
1B	2A $	2B $	2C $				
1C	3A $	3B $	3C $				
1D	4A $	4B $	4C $				
1E	5A $	5B $	5C $				
1F	6 $						

SCHEDULE D – PART 1 – SECTION 2

Showing All Long-Term **BONDS – ASSET-BACKED SECURITIES** Owned December 31 of Current Year

1	2	3	4	5	6	7	8	Change in Book/Adjusted Carrying Value				Interest					Dates			
								9	10	11	12	13	14	15	16	17	18	19	20	21
CUSIP Identification	Description	Restricted Asset Code	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	Actual Cost	Par Value	Fair Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Stated Rate Of Interest	Effective Rate Of Interest	Interest When Paid	Interest Income Due & Accrued	Interest Received During Year	Acquired Date	Stated Contractual Maturity Date	Payment Due at Maturity	Origination Balloon Payment %
2009999999 ...	Total Asset-Backed Securities											XXX	XXX	XXX			XXX	XXX		XXX

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ ----------------------------	1B $ ------------------------	1C $ ------------------------	1D $ ------------------------	1E $ ------------------------	1F $ ------------------------	1G $ ------------------------
1B	2A $ ----------------------------	2B $ ------------------------	2C $ ------------------------				
1C	3A $ ----------------------------	3B $ ------------------------	3C $ ------------------------				
1D	4A $ ----------------------------	4B $ ------------------------	4C $ ------------------------				
1E	5A $ ----------------------------	5B $ ------------------------	5C $ ------------------------				
1F	6 $ ----------------------------						

SCHEDULE D – PART 3

Showing all Long-Term Bonds and Stocks **ACQUIRED** During Current Year

1 CUSIP Identification	2 Description	~~3~~ ~~Foreign~~	~~4~~3 Date Acquired	~~5~~4 Name of Vendor	~~6~~5 Number of Shares of Stock	~~7~~6 Actual Cost	~~8~~7 Par Value	~~9~~8 Paid for Accrued Interest and Dividends
6009999999	Totals						XXX	

SCHEDULE D – PART 4

Showing all Long-Term Bonds and Stocks **SOLD, REDEEMED** or Otherwise **DISPOSED OF** During Current Year

1	2	~~3~~	~~4~~3	~~5~~4	~~6~~5	~~7~~6	~~8~~7	~~9~~8	~~10~~9	Change In Book/Adjusted Carrying Value					~~16~~15	~~17~~16	~~18~~17	~~19~~18	~~20~~19	~~21~~20
										~~11~~10	~~12~~11	~~13~~12	~~14~~13	~~15~~14						
CUSIP Identification	Description	~~Foreign~~	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (~~11~~10+~~12~~11-~~13~~12)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date
6009999999 Totals							XXX													XXX

SCHEDULE D – PART 5

Showing all Long-Term Bonds and Stocks **ACQUIRED** During Year and Fully **DISPOSED OF** During Current Year

1	2	~~3~~	~~4~~3	~~5~~4	~~6~~5	~~7~~6	~~8~~7	~~9~~8	~~10~~9	~~11~~10	Change in Book/Adjusted Carrying Value					~~17~~16	~~18~~17	~~19~~18	~~20~~19	~~21~~20
											~~12~~11	~~13~~12	~~14~~13	~~15~~14	~~16~~15					
CUSIP Identification	Description	~~Foreign~~	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/ Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (~~12~~11+~~13~~12-~~14~~13)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
	BONDS																			
2~~5~~0509999998 Subtotal Bonds																				
	STOCKS																			
5999999999 Subtotal-Stocks																				
6009999999 Totals																				

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	Amount	Percentage of Column 1 Line ~~13~~14	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3+4) Amount	Percentage of Column 5 Line ~~13~~14
1. ~~Long-term bonds~~Issuer credit obligations (Schedule D, Part 1, Section 1):						
1.01 U.S. government~~s~~ obligations						
1.02 ~~All other governments~~Other U.S. government ~~securities~~ obligations						
1.03 ~~U.S. states, territories and possessions, etc. guaranteed~~Non-U.S. sovereign jurisdiction securities						
1.04 ~~U.S. political subdivisions of states, territories, and possessions, guaranteed~~Municipal bonds – general obligations (direct & guaranteed)						
1.05 ~~U.S. special revenue and special assessment obligations, etc. non-guaranteed~~Municipal bonds – special revenue						
1.06 ~~Industrial and miscellaneous~~Project finance bonds issued by operating entities						
1.07 ~~Hybrid securities~~Corporate bonds						
1.08 ~~Parent, subsidiaries and affiliates~~Mandatory convertible bonds						
1.09 ~~SVO identified funds~~Single entity backed obligations						
1.10 ~~Unaffiliated bank loans~~SVO-Identified bond exchange traded funds – fair value						
1.11 ~~Unaffiliated certificates of deposit~~SVO-Identified bond exchange traded funds – systematic value						
1.12 Bonds issued from SEC-registered business development corps, closed end funds & REITS						
1.13 Bank loans - issued						
1.14 Bank loans - acquired						
1.15 Mortgages loans that qualify as SVO-Identified credit tenant loans						
1.16 Certificates of deposit						
1.17 Other issuer credit obligations						
1.18~~2~~ Total ~~long-term bonds~~issuer credit obligations						
2. Asset-backed securities (Schedule D, Part 1, Section 2):						
2.01 Financial asset-backed securities – self-liquidating~~(unaffiliated)~~						
2.02 Financial asset-backed securities – not self-liquidating~~(unaffiliated)~~						
2.03 Non-financial asset-backed securities~~(unaffiliated)~~						
2.04 Total asset-backed securities						
~~2~~3. Preferred stocks (Schedule D, Part 2, Section 1):						
~~2~~3.01 Industrial and miscellaneous (Unaffiliated)						
~~2~~3.02 Parent, subsidiaries and affiliates						
~~2~~3.03 Total preferred stocks						
~~3~~4. Common stocks (Schedule D, Part 2, Section 2):						
~~3~~4.01 Industrial and miscellaneous Publicly traded (Unaffiliated)						
~~3~~4.02 Industrial and miscellaneous Other (Unaffiliated)						
~~3~~4.03 Parent, subsidiaries and affiliates Publicly traded						
~~3~~4.04 Parent, subsidiaries and affiliates Other						
~~3~~4.05 Mutual funds						
~~3~~4.06 Unit investment trusts						
~~3~~4.07 Closed-end funds						
~~3~~4.08 Exchange traded funds						
~~3~~4.09 Total common stocks						
~~4~~5. Mortgage loans (Schedule B):						
~~4~~5.01 Farm mortgages						
~~4~~5.02 Residential mortgages						
~~4~~5.03 Commercial mortgages						
~~4~~5.04 Mezzanine real estate loans						
~~4~~5.05 Total valuation allowance						
~~4~~5.06 Total mortgage loans						
~~5~~6. Real estate (Schedule A):						
~~5~~6.01 Properties occupied by company						
~~5~~6.02 Properties held for production of income						
~~5~~6.03 Properties held for sale						
~~5~~6.04 Total real estate						
~~6~~7. Cash, cash equivalents and short-term investments:						
~~6~~7.01 Cash (Schedule E, Part 1)						
~~6~~7.02 Cash equivalents (Schedule E, Part 2)						
~~6~~7.03 Short-term investments (Schedule DA)						
~~6~~7.04 Total cash, cash equivalents and short-term investments						
~~7~~8. Contract loans						
~~8~~9. Derivatives (Schedule DB)						
~~9~~10. Other invested assets (Schedule BA)						
~~10~~11. Receivables for securities						
~~11~~12. Securities lending (Schedule DL, Part 1)				XXX	XXX	XXX
~~12~~13. Other invested assets (Page 2, Line 11)						
~~13~~14. Total invested assets						

***** Editing Note*** This page for Schedule D – VBY is being deleted. See next page for newly formatted Schedule D - VBY**

~~SCHEDULE D – VERIFICATION BETWEEN YEARS~~

~~Bonds and Stocks~~

~~1. Book /adjusted carrying value, December 31 of prior year~~
~~2. Cost of bonds and stocks acquired, Part 3, Column 7~~
~~3. Accrual of discount~~
~~4. Unrealized valuation increase (decrease):~~
~~4.1 Part 1, Column 12~~
~~4.2 Part 2, Section 1, Column 15~~
~~4.3 Part 2, Section 2, Column 13~~
~~4.4 Part 4, Column 11~~
~~5. Total gain (loss) on disposals, Part 4, Column 19~~
~~6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7~~
~~7. Deduct amortization of premium~~
~~8. Total foreign exchange change in book/adjusted carrying value:~~
~~8.1 Part 1, Column 15~~
~~8.2 Part 2, Section 1, Column 19~~
~~8.3 Part 2, Section 2, Column 16~~
~~8.4 Part 4, Column 15~~
~~9. Deduct current year's other-than-temporary impairment recognized:~~
~~9.1 Part 1, Column 14~~
~~9.2 Part 2, Section 1, Column 17~~
~~9.3 Part 2, Section 2, Column 14~~
~~9.4 Part 4, Column 13~~
~~10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees, Note 5Q, Line 2~~
~~11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)~~
~~12. Deduct total nonadmitted amounts~~
~~13. Statement value at end of current period (Line 11 minus Line 12)~~

SCHEDULE D – VERIFICATION BETWEEN YEARS

Bonds and Stocks

	1 Total	2 Issuer Credit Obligations	3 Asset-Backed Securities	4 Preferred Stocks	5 Common Stocks
1. Book/adjusted carrying value, December 31 of prior year	....	....	....	....	....
2. Cost of ~~short-term investments~~bonds and stocks acquired, Part 3, Column 6	....	....	....	....	....
3. Accrual of discount	....	....	....	....	XXX
4. Unrealized valuation increase (decrease)	....	....	....	....	....
5. Total gain (loss) on disposals, Part 4, Column 18	....	....	....	....	....
6. ~~Deduct~~ Consideration for bonds and stocks disposed, Part 4, Column 6	....	....	....	....	....
7. ~~Deduct~~ Amortization of premium	....	....	....	....	XXX
8. Total foreign exchange change in book/adjusted carrying value	....	....	....	....	....
9. ~~Deduct~~ Current year's other-than-temporary impairment recognized	....	....	....	....	....
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees, Note 5Q, Line 2	....	....	....	....	XXX
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	....	....	....	....	....
12. ~~Deduct~~ Total nonadmitted amounts	....	....	....	....	....
13. Statement value at end of current period (Line 11 minus Line 12)					

SCHEDULE D – SUMMARY BY COUNTRY

Long-Term Bonds and Stocks **OWNED** December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Issuer Credit Obligations					
Governments ~~(including all obligations guaranteed by governments)~~and Municipalities	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
~~U.S. States, Territories and Possessions (direct and guaranteed)~~	~~5. Totals~~				
~~U.S. Political Subdivisions of States, Territories and Possessions (direct and guaranteed)~~	~~6. Totals~~				
~~U.S. Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions~~	~~7. Totals~~				
~~Industrial and Miscellaneous, SVO Identified Funds, Unaffiliated Bank Loans, Unaffiliated Certificates of Deposit and Hybrid Securities (unaffiliated)~~All Other Issuer Credit Obligations (unaffiliated)	~~8~~5. United States				
	~~9~~6. Canada				
	~~10~~7. Other Countries				
	~~11~~8. Totals				
~~Parent, Subsidiaries and Affiliates~~All Other Issuer Credit Obligations (affiliated)	~~12~~9. Totals				
	10. Total Issuer Credit Obligations				
Asset-Backed Securities					
Asset-Backed Securities (unaffiliated)	11. United States				
	12. Canada				
	13. Other Countries				
	14. Totals				
Asset-Backed Securities (affiliated)	15. Totals				
	16. Total Asset-Backed Securities				
	~~13~~17. Total Bonds				
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	~~14~~18. United States				
	~~15~~19. Canada				
	~~16~~20. Other Countries				
	~~17~~21. Totals				
Parent, Subsidiaries and Affiliates	~~18~~22. Totals				
	~~19~~23. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated), Mutual Funds, Unit Investment Trusts, Closed-End Funds and Exchange Traded Funds	~~20~~24. United States				
	~~21~~25. Canada				
	~~22~~26. Other Countries				
	~~23~~27. Totals				
Parent, Subsidiaries and Affiliates	~~24~~28. Totals				
	~~25~~29. Total Common Stocks				
	~~26~~30. Total Stocks				
	~~27~~31. Total Bonds and Stocks				

SCHEDULE D – PART 1A ~~– SECTION 1~~

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line ~~12~~51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
1. U.S. Government~~s~~ Obligations												
1.1 NAIC 1	...	...	...	...	...	XXX	...	...	...	...	...	...
1.2 NAIC 2	...	...	...	...	...	XXX	...	...	...	...	...	...
1.3 NAIC 3	...	...	...	...	...	XXX	...	...	...	...	...	...
1.4 NAIC 4	...	...	...	...	...	XXX	...	...	...	...	...	...
1.5 NAIC 5	...	...	...	...	...	XXX	...	...	...	...	...	...
1.6 NAIC 6						XXX						
1.7 Totals						XXX						
2. ~~All~~ Other U.S. Government~~s~~ Securities												
2.1 NAIC 1	...	...	...	...	...	XXX	...	...	...	...	...	...
2.2 NAIC 2	...	...	...	...	...	XXX	...	...	...	...	...	...
2.3 NAIC 3	...	...	...	...	...	XXX	...	...	...	...	...	...
2.4 NAIC 4	...	...	...	...	...	XXX	...	...	...	...	...	...
2.5 NAIC 5	...	...	...	...	...	XXX	...	...	...	...	...	...
2.6 NAIC 6						XXX						
2.7 Totals						XXX						
3. ~~U.S. States, Territories and Possessions, etc., Guaranteed~~Non-U.S. Sovereign Jurisdiction Securities												
3.1 NAIC 1	...	...	...	...	...	XXX	...	...	...	...	...	...
3.2 NAIC 2	...	...	...	...	...	XXX	...	...	...	...	...	...
3.3 NAIC 3	...	...	...	...	...	XXX	...	...	...	...	...	...
3.4 NAIC 4	...	...	...	...	...	XXX	...	...	...	...	...	...
3.5 NAIC 5	...	...	...	...	...	XXX	...	...	...	...	...	...
3.6 NAIC 6						XXX	...					
3.7 Totals						XXX						
4. ~~U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed~~Municipal Bonds – General Obligations												
4.1 NAIC 1	...	...	...	...	...	XXX	...	...	...	...	...	...
4.2 NAIC 2	...	...	...	...	...	XXX	...	...	...	...	...	...
4.3 NAIC 3	...	...	...	...	...	XXX	...	...	...	...	...	...
4.4 NAIC 4	...	...	...	...	...	XXX	...	...	...	...	...	...
4.5 NAIC 5	...	...	...	...	...	XXX	...	...	...	...	...	...
4.6 NAIC 6						XXX						
4.7 Totals						XXX						
5. ~~U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed~~Municipal Bonds – Special Revenue												
5.1 NAIC 1	...	...	...	...	...	XXX	...	...	...	...	...	...
5.2 NAIC 2	...	...	...	...	...	XXX	...	...	...	...	...	...
5.3 NAIC 3	...	...	...	...	...	XXX	...	...	...	...	...	...
5.4 NAIC 4	...	...	...	...	...	XXX	...	...	...	...	...	...
5.5 NAIC 5	...	...	...	...	...	XXX	...	...	...	...	...	...
5.6 NAIC 6						XXX						
5.7 Totals						XXX						

SCHEDULE D – PART 1A ~~– SECTION 1~~ (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line ~~12~~51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
6. ~~Industrial and Miscellaneous~~Project Finance Bonds Issued by Operating Entities (~~unaffiliated~~Unaffiliated)												
6.1 NAIC 1	....	....	....	....	....	XXX	....	....	....	....	....	....
6.2 NAIC 2	....	....	....	....	....	XXX	....	....	....	....	....	....
6.3 NAIC 3	....	....	....	....	....	XXX	....	....	....	....	....	....
6.4 NAIC 4	....	....	....	....	....	XXX	....	....	....	....	....	....
6.5 NAIC 5	....	....	....	....	....	XXX	....	....	....	....	....	....
6.6 NAIC 6						XXX						
6.7 Totals						XXX						
7. ~~Hybrid Securities~~Project Finance Bonds Issued by Operating Entities (Affiliated)												
7.1 NAIC 1	....	....	....	....	....	XXX	....	....	....	....	....	....
7.2 NAIC 2	....	....	....	....	....	XXX	....	....	....	....	....	....
7.3 NAIC 3	....	....	....	....	....	XXX	....	....	....	....	....	....
7.4 NAIC 4	....	....	....	....	....	XXX	....	....	....	....	....	....
7.5 NAIC 5	....	....	....	....	....	XXX	....	....	....	....	....	....
7.6 NAIC 6						XXX						
7.7 Totals						XXX						
8. ~~Parent, Subsidiaries and Affiliates~~Corporate Bonds (Unaffiliated)												
8.1 NAIC 1	....	....	....	....	....	XXX	....	....	....	....	....	....
8.2 NAIC 2	....	....	....	....	....	XXX	....	....	....	....	....	....
8.3 NAIC 3	....	....	....	....	....	XXX	....	....	....	....	....	....
8.4 NAIC 4	....	....	....	....	....	XXX	....	....	....	....	....	....
8.5 NAIC 5	....	....	....	....	....	XXX	....	....	....	....	....	....
8.6 NAIC 6						XXX						
8.7 Totals						XXX						
9. ~~SVO Identified Funds~~Corporate Bonds (Affiliated)												
9.1 NAIC 1	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	XXX~~....~~	....	....	....	....	....	....
9.2 NAIC 2	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	XXX~~....~~	....	....	....	....	....	....
9.3 NAIC 3	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	XXX~~....~~	....	....	....	....	....	....
9.4 NAIC 4	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	XXX~~....~~	....	....	....	....	....	....
9.5 NAIC 5	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	....~~XXX~~	XXX~~....~~	....	....	....	....	....	....
9.6 NAIC 6	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	XXX						
9.7 Totals	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	XXX						
10. ~~Unaffiliated Bank Loans~~Mandatory Convertible Bonds (Unaffiliated)												
10.1 NAIC 1	....	....	....	....	....	XXX	....	....	....	....	....	....
10.2 NAIC 2	....	....	....	....	....	XXX	....	....	....	....	....	....
10.3 NAIC 3	....	....	....	....	....	XXX	....	....	....	....	....	....
10.4 NAIC 4	....	....	....	....	....	XXX	....	....	....	....	....	....
10.5 NAIC 5	....	....	....	....	....	XXX	....	....	....	....	....	....
10.6 NAIC 6						XXX						
10.7 Totals						XXX						
11. ~~Unaffiliated Certificates of Deposit~~Mandatory Convertible Bonds (Affiliated)												
11.1 NAIC 1	....	....	....	....	....	XXX	....	....	....~~XXX~~	....~~XXX~~	....	....
11.2 NAIC 2	....	....	....	....	....	XXX	....	....	....~~XXX~~	....~~XXX~~	....	....
11.3 NAIC 3	....	....	....	....	....	XXX	....	....	....~~XXX~~	....~~XXX~~	....	....
11.4 NAIC 4	....	....	....	....	....	XXX	....	....	....~~XXX~~	....~~XXX~~	....	....
11.5 NAIC 5	....	....	....	....	....	XXX	....	....	....~~XXX~~	....~~XXX~~	....	....
11.6 NAIC 6						XXX			~~XXX~~	~~XXX~~		
11.7 Totals						XXX			~~XXX~~	~~XXX~~		

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
12. Single Entity Backed Obligations (Unaffiliated)												
12.1 NAIC 1						XXX						
12.2 NAIC 2						XXX						
12.3 NAIC 3						XXX						
12.4 NAIC 4						XXX						
12.5 NAIC 5						XXX						
12.6 NAIC 6						XXX						
12.7 Totals						XXX						
13. Single Entity Backed Obligations (Affiliated)												
13.1 NAIC 1						XXX						
13.2 NAIC 2						XXX						
13.3 NAIC 3						XXX						
13.4 NAIC 4						XXX						
13.5 NAIC 5						XXX						
13.6 NAIC 6						XXX						
13.7 Totals						XXX						
14. SVO-Identified Bond Exchange Traded Funds – Fair Value												
14.1 NAIC 1	XXX	XXX	XXX	XXX	XXX							
14.2 NAIC 2	XXX	XXX	XXX	XXX	XXX							
14.3 NAIC 3	XXX	XXX	XXX	XXX	XXX							
14.4 NAIC 4	XXX	XXX	XXX	XXX	XXX							
14.5 NAIC 5	XXX	XXX	XXX	XXX	XXX							
14.6 NAIC 6	XXX	XXX	XXX	XXX	XXX							
14.7 Totals	XXX	XXX	XXX	XXX	XXX							
15. SVO-Identified Bond Exchange Traded Funds – Systematic Value												
15.1 NAIC 1	XXX	XXX	XXX	XXX	XXX							
15.2 NAIC 2	XXX	XXX	XXX	XXX	XXX							
15.3 NAIC 3	XXX	XXX	XXX	XXX	XXX							
15.4 NAIC 4	XXX	XXX	XXX	XXX	XXX							
15.5 NAIC 5	XXX	XXX	XXX	XXX	XXX							
15.6 NAIC 6	XXX	XXX	XXX	XXX	XXX							
15.7 Totals	XXX	XXX	XXX	XXX	XXX							
16. Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated)												
16.1 NAIC 1						XXX						
16.2 NAIC 2						XXX						
16.3 NAIC 3						XXX						
16.4 NAIC 4						XXX						
16.5 NAIC 5						XXX						
16.6 NAIC 6						XXX						
16.7 Totals						XXX						
17. Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Affiliated)												
17.1 NAIC 1						XXX						
17.2 NAIC 2						XXX						
17.3 NAIC 3						XXX						
17.4 NAIC 4						XXX						
17.5 NAIC 5						XXX						
17.6 NAIC 6						XXX						
17.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
18. Bank Loans – Issued (Unaffiliated)												
18.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
18.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
18.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
18.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
18.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
18.6 NAIC 6						XXX						
18.7 Totals						XXX						
19. Bank Loans – Issued (Affiliated)												
19.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
19.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
19.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
19.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
19.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
19.6 NAIC 6						XXX						
19.7 Totals						XXX						
20. Bank Loans – Acquired (Unaffiliated)												
20.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
20.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
20.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
20.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
20.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
20.6 NAIC 6						XXX						
20.7 Totals						XXX						
21. Bank Loans – Acquired (Affiliated)												
21.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
21.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
21.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
21.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
21.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
21.6 NAIC 6						XXX						
21.7 Totals						XXX						
22. Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated)												
22.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
22.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
22.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
22.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
22.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
22.6 NAIC 6						XXX						
22.7 Totals						XXX						
23. Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Affiliated)												
23.1 NAIC 1	......	......	......	......	......	XXX	......	......	......	......	......	......
23.2 NAIC 2	......	......	......	......	......	XXX	......	......	......	......	......	......
23.3 NAIC 3	......	......	......	......	......	XXX	......	......	......	......	......	......
23.4 NAIC 4	......	......	......	......	......	XXX	......	......	......	......	......	......
23.5 NAIC 5	......	......	......	......	......	XXX	......	......	......	......	......	......
23.6 NAIC 6						XXX						
23.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
24. Certificates of Deposit (Unaffiliated)												
24.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
24.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
24.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
24.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
24.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
24.6 NAIC 6....................						XXX						
24.7 Totals						XXX						
25. Certificates of Deposit (Affiliated)												
25.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
25.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
25.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
25.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
25.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
25.6 NAIC 6....................						XXX						
25.7 Totals						XXX						
26. Other Issuer Credit Obligations (Unaffiliated)												
26.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
26.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
26.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
26.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
26.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
26.6 NAIC 6....................						XXX						
26.7 Totals						XXX						
27. Other Issuer Credit Obligations (Affiliated)												
27.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
27.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
27.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
27.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
27.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
27.6 NAIC 6....................						XXX						
27.7 Totals						XXX						
28. Agency Residential Mortgage-Backed Securities - Guaranteed												
28.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
28.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
28.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
28.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
28.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
28.6 NAIC 6....................						XXX						
28.7 Totals						XXX						
29. Agency Commercial Mortgage-Backed Securities - Guaranteed												
29.1 NAIC 1....................	....	....	....	....	....	XXX	....	....	....	....	....	....
29.2 NAIC 2....................	....	....	....	....	....	XXX	....	....	....	....	....	....
29.3 NAIC 3....................	....	....	....	....	....	XXX	....	....	....	....	....	....
29.4 NAIC 4....................	....	....	....	....	....	XXX	....	....	....	....	....	....
29.5 NAIC 5....................	....	....	....	....	....	XXX	....	....	....	....	....	....
29.6 NAIC 6....................						XXX						
29.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
30. Agency Residential Mortgage-Backed Securities – Not Guaranteed												
30.1 NAIC 1						XXX						
30.2 NAIC 2						XXX						
30.3 NAIC 3						XXX						
30.4 NAIC 4						XXX						
30.5 NAIC 5						XXX						
30.6 NAIC 6						XXX						
30.7 Totals						XXX						
31. Agency Commercial Mortgage-Backed Securities – Not Guaranteed												
31.1 NAIC 1						XXX						
31.2 NAIC 2						XXX						
31.3 NAIC 3						XXX						
31.4 NAIC 4						XXX						
31.5 NAIC 5						XXX						
31.6 NAIC 6						XXX						
31.7 Totals						XXX						
32. Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)												
32.1 NAIC 1						XXX						
32.2 NAIC 2						XXX						
32.3 NAIC 3						XXX						
32.4 NAIC 4						XXX						
32.5 NAIC 5						XXX						
32.6 NAIC 6						XXX						
32.7 Totals						XXX						
33. Non-Agency Residential Mortgage-Backed Securities (Affiliated)												
33.1 NAIC 1						XXX						
33.2 NAIC 2						XXX						
33.3 NAIC 3						XXX						
33.4 NAIC 4						XXX						
33.5 NAIC 5						XXX						
33.6 NAIC 6						XXX						
33.7 Totals						XXX						
34. Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)												
34.1 NAIC 1						XXX						
34.2 NAIC 2						XXX						
34.3 NAIC 3						XXX						
34.4 NAIC 4						XXX						
34.5 NAIC 5						XXX						
34.6 NAIC 6						XXX						
34.7 Totals						XXX						
35. Non-Agency Commercial Mortgage-Backed Securities (Affiliated)												
35.1 NAIC 1						XXX						
35.2 NAIC 2						XXX						
35.3 NAIC 3						XXX						
35.4 NAIC 4						XXX						
35.5 NAIC 5						XXX						
35.6 NAIC 6						XXX						
35.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
36. Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)												
36.1 NAIC 1						XXX						
36.2 NAIC 2						XXX						
36.3 NAIC 3						XXX						
36.4 NAIC 4						XXX						
36.5 NAIC 5						XXX						
36.6 NAIC 6						XXX						
36.7 Totals						XXX						
37. Non-Agency – CLOs/CBOs/CDOs (Affiliated)												
37.1 NAIC 1						XXX						
37.2 NAIC 2						XXX						
37.3 NAIC 3						XXX						
37.4 NAIC 4						XXX						
37.5 NAIC 5						XXX						
37.6 NAIC 6						XXX						
37.7 Totals						XXX						
38. Other Financial Asset-Backed Securities (Unaffiliated)												
38.1 NAIC 1						XXX						
38.2 NAIC 2						XXX						
38.3 NAIC 3						XXX						
38.4 NAIC 4						XXX						
38.5 NAIC 5						XXX						
38.6 NAIC 6						XXX						
38.7 Totals						XXX						
39. Other Financial Asset-Backed Securities (Affiliated)												
39.1 NAIC 1						XXX						
39.2 NAIC 2						XXX						
39.3 NAIC 3						XXX						
39.4 NAIC 4						XXX						
39.5 NAIC 5						XXX						
39.6 NAIC 6						XXX						
39.7 Totals						XXX						
40. Equity-Backed Securities (Unaffiliated)												
40.1 NAIC 1						XXX						
40.2 NAIC 2						XXX						
40.3 NAIC 3						XXX						
40.4 NAIC 4						XXX						
40.5 NAIC 5						XXX						
40.6 NAIC 6						XXX						
40.7 Totals						XXX						
41. Equity-Backed Securities (Affiliated)												
41.1 NAIC 1						XXX						
41.2 NAIC 2						XXX						
41.3 NAIC 3						XXX						
41.4 NAIC 4						XXX						
41.5 NAIC 5						XXX						
41.6 NAIC 6						XXX						
41.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
42. Other Financial Asset-Backed Securities – Not Self-Liquidating (Unaffiliated)												
42.1 NAIC 1						XXX						
42.2 NAIC 2						XXX						
42.3 NAIC 3						XXX						
42.4 NAIC 4						XXX						
42.5 NAIC 5						XXX						
42.6 NAIC 6						XXX						
42.7 Totals						XXX						
43. Other Financial Asset-Backed Securities – Not Self-Liquidating (Affiliated)												
43.1 NAIC 1						XXX						
43.2 NAIC 2						XXX						
43.3 NAIC 3						XXX						
43.4 NAIC 4						XXX						
43.5 NAIC 5						XXX						
43.6 NAIC 6						XXX						
43.7 Totals						XXX						
44. Lease-Backed Securities – Practical Expedient (Unaffiliated)												
44.1 NAIC 1						XXX						
44.2 NAIC 2						XXX						
44.3 NAIC 3						XXX						
44.4 NAIC 4						XXX						
44.5 NAIC 5						XXX						
44.6 NAIC 6						XXX						
44.7 Totals						XXX						
45. Lease-Backed Securities – Practical Expedient (Affiliated)												
45.1 NAIC 1						XXX						
45.2 NAIC 2						XXX						
45.3 NAIC 3						XXX						
45.4 NAIC 4						XXX						
45.5 NAIC 5						XXX						
45.6 NAIC 6						XXX						
45.7 Totals						XXX						
46. Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)												
46.1 NAIC 1						XXX						
46.2 NAIC 2						XXX						
46.3 NAIC 3						XXX						
46.4 NAIC 4						XXX						
46.5 NAIC 5						XXX						
46.6 NAIC 6						XXX						
46.7 Totals						XXX						
47. Other Non-Financial Asset-Backed Securities – Practical Expedient (Affiliated)												
47.1 NAIC 1						XXX						
47.2 NAIC 2						XXX						
47.3 NAIC 3						XXX						
47.4 NAIC 4						XXX						
47.5 NAIC 5						XXX						
47.6 NAIC 6						XXX						
47.7 Totals						XXX						

SCHEDULE D – PART 1A (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
48. Lease-Backed Securities – Full Analysis (Unaffiliated)												
48.1 NAIC 1........	....	....	....	....	....	XXX	....	....	....	....	....	....
48.2 NAIC 2........	....	....	....	....	....	XXX	....	....	....	....	....	....
48.3 NAIC 3........	....	....	....	....	....	XXX	....	....	....	....	....	....
48.4 NAIC 4........	....	....	....	....	....	XXX	....	....	....	....	....	....
48.5 NAIC 5........	....	....	....	....	....	XXX	....	....	....	....	....	....
48.6 NAIC 6........						XXX						
48.7 Totals						XXX						
49. Lease-Backed Securities – Full Analysis (Affiliated)												
49.1 NAIC 1........	....	....	....	....	....	XXX	....	....	....	....	....	....
49.2 NAIC 2........	....	....	....	....	....	XXX	....	....	....	....	....	....
49.3 NAIC 3........	....	....	....	....	....	XXX	....	....	....	....	....	....
49.4 NAIC 4........	....	....	....	....	....	XXX	....	....	....	....	....	....
49.5 NAIC 5........	....	....	....	....	....	XXX	....	....	....	....	....	....
49.6 NAIC 6........						XXX						
49.7 Totals						XXX						
50. Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated)												
50.1 NAIC 1........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.2 NAIC 2........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.3 NAIC 3........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.4 NAIC 4........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.5 NAIC 5........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.6 NAIC 6........						XXX						
50.7 Totals						XXX						
51. Other Non-Financial Asset-Backed Securities – Full Analysis (Affiliated)												
50.1 NAIC 1........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.2 NAIC 2........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.3 NAIC 3........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.4 NAIC 4........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.5 NAIC 5........	....	....	....	....	....	XXX	....	....	....	....	....	....
50.6 NAIC 6........						XXX						
50.7 Totals						XXX						

SCHEDULE D – PART 1A ~~– SECTION 1~~ (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line ~~12.~~51.7	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed (a)
~~12.~~51. Total Bonds Current Year												
~~12.~~51.1 .... NAIC 1	(d)........	....	....	....	....	....	....	....	XXX	XXX	....	....
~~12.~~51.2 .... NAIC 2	(d)........	....	....	....	....	....	....	....	XXX	XXX	....	....
~~12.~~51.3 .... NAIC 3	(d)........	....	....	....	....	....	....	....	XXX	XXX	....	....
~~12.~~51.4 .... NAIC 4	(d)........	....	....	....	....	....	....	....	XXX	XXX	....	....
~~12.~~51.5 .... NAIC 5	(d)........	....	....	....	....	....	(c)	....	XXX	XXX	....	....
~~12.~~51.6 .... NAIC 6	(d)						(c)		XXX	XXX		
~~12.~~51.7 .... Totals ..	....	....	....	....	....	....	(b)	....	XXX	XXX	....	....
~~12.~~51.8. Line ~~12.~~51.7 as a % of Col. 7								XXX	XXX	XXX		
~~13.~~52. Total Bonds Prior Year												
~~13.~~52.1 .... NAIC 1	....	....	....	....	....	....	XXX	XXX	....	....	....	....
~~13.~~52.2 .... NAIC 2	....	....	....	....	....	....	XXX	XXX	....	....	....	....
~~13.~~52.3 .... NAIC 3	....	....	....	....	....	....	XXX	XXX	....	....	....	....
~~13.~~52.4 .... NAIC 4	....	....	....	....	....	....	XXX	XXX	....	....	....	....
~~13.~~52.5 .... NAIC 5	....	....	....	....	....	....	XXX	XXX	(c)........	....	....	....
~~13.~~52.6 .... NAIC 6	....	....	....	....	....	....	XXX	XXX	(c)	....	....	....
~~13.~~52.7 .... Totals	....	....	....	....	....	....	XXX	XXX	(b)	....	....	....
~~13.~~52.8. Line ~~13.~~52.7 as a % of Col. 9							XXX	XXX		XXX		
~~14.~~53. Total Publicly Traded Bonds												
~~14.~~53.1 .... NAIC 1	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.2 .... NAIC 2	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.3 .... NAIC 3	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.4 .... NAIC 4	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.5 .... NAIC 5	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.6 .... NAIC 6	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.7 .... Totals	....	....	....	....	....	....	....	....	....	....	....	XXX
~~14.~~53.8. Line ~~14.~~53.7 as a % of Col. 7	....	....	....	....	....	....	....	XXX	XXX	XXX	....	XXX
~~14.~~53.9. Line ~~14.~~53.7 as a % of Line ~~12~~51.7, Col. 7, Section 12								XXX	XXX	XXX	....	XXX
~~15.~~54. Total Privately Placed Bonds												
~~15.~~54.1 .... NAIC 1	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.2 .... NAIC 2	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.3 .... NAIC 3	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.4 .... NAIC 4	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.5 .... NAIC 5	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.6 .... NAIC 6	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.7 .... Totals	....	....	....	....	....	....	....	....	....	....	XXX	....
~~15.~~54.8. Line ~~15.~~54.7 as a % of Col. 7	....	....	....	....	....	....	....	XXX	XXX	XXX	XXX	....
~~15.~~54.9. Line ~~15.~~54.7 as a % of Line ~~12~~51.7, Col. 7, Section 12								XXX	XXX	XXX	XXX	

(a) Includes $........................ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes $........................ current year of bonds with Z designations and $ .... prior year of bonds with Z designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement.

(c) Includes $ .... current year, $ prior year of bonds with 5GI designations and $ current year, $ prior year of bonds with 6* designations. "5GI" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ ....; NAIC 2 $;NAIC 3 $; NAIC 4 $;NAIC 5 $; NAIC 6 $......... .

~~SCHEDULE D – PART 1A – SECTION 2~~

~~Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues~~

~~Distribution by Type~~	~~1 1 Year or Less~~	~~2 Over 1 Year Through 5 Years~~	~~3 Over 5 Years Through 10 Years~~	~~4 Over 10 Years Through 20 Years~~	~~5 Over 20 Years~~	~~6 No Maturity Date~~	~~7 Total Current Year~~	~~8 Col. 7 as a % of Line 12.09~~	~~9 Total from Col. 7 Prior Year~~	~~10 % From Col. 8 Prior Year~~	~~11 Total Publicly Traded~~	~~12 Total Privately Placed~~
~~1. U.S. Governments~~												
~~1.01 Issuer Obligations~~						~~XXX~~						
~~1.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~1.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~1.04 Other Loan-Backed and Structured Securities~~												
~~1.05 Totals~~						~~XXX~~						
~~2. All Other Governments~~												
~~2.01 Issuer Obligations~~						~~XXX~~						
~~2.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~2.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~2.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~2.05 Totals~~						~~XXX~~						
~~3. U.S. States, Territories and Possessions, Guaranteed~~												
~~3.01 Issuer Obligations~~						~~XXX~~						
~~3.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~3.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~3.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~3.05 Totals~~						~~XXX~~						
~~4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed~~												
~~4.01 Issuer Obligations~~						~~XXX~~						
~~4.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~4.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~4.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~4.05 Totals~~						~~XXX~~						
~~5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed~~												
~~5.01 Issuer Obligations~~						~~XXX~~						
~~5.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~5.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~5.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~5.05 Totals~~						~~XXX~~						
~~6. Industrial and Miscellaneous~~												
~~6.01 Issuer Obligations~~						~~XXX~~						
~~6.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~6.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~6.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~6.05 Totals~~						~~XXX~~						
~~7. Hybrid Securities~~												
~~7.01 Issuer Obligations~~						~~XXX~~						
~~7.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~7.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~7.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~7.05 Totals~~						~~XXX~~						
~~8. Parent, Subsidiaries and Affiliates~~												
~~8.01 Issuer Obligations~~						~~XXX~~						
~~8.02 Residential Mortgage-Backed Securities~~						~~XXX~~						
~~8.03 Commercial Mortgage-Backed Securities~~						~~XXX~~						
~~8.04 Other Loan-Backed and Structured Securities~~						~~XXX~~						
~~8.05 Affiliated Bank Loans – Issued~~						~~XXX~~						
~~8.06 Affiliated Bank loans – Acquired~~						~~XXX~~						
~~8.07 Totals~~						~~XXX~~						

~~SCHEDULE D – PART 1A – SECTION 2 (Continued)~~

~~Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues~~

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 No Maturity Date	7 Total Current Year	8 Col. 7 as a % of Line 12.09	9 Total from Col. 7 Prior Year	10 % From Col. 8 Prior Year	11 Total Publicly Traded	12 Total Privately Placed
9. SVO Identified Funds												
9.01 Exchange Traded Funds Identified by the SVO	XXX	XXX	XXX	XXX	XXX							
10. Unaffiliated Bank Loans												
10.01 Unaffiliated Bank Loans - Issued						XXX						
10.02 Unaffiliated Bank Loans - Acquired						XXX						
10.03 Totals						XXX						
11. Unaffiliated Certificates of Deposit												
11.01 Totals						XXX			XXX	XXX		
12. Total Bonds Current Year						XXX			XXX	XXX		
12.01 Issuer Obligations												
12.02 Residential Mortgage-Backed Securities						XXX			XXX	XXX		
12.03 Commercial Mortgage-Backed Securities						XXX			XXX	XXX		
12.04 Other Loan-Backed and Structured Securities						XXX			XXX	XXX		
12.05 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX				XXX	XXX		
12.06 Affiliated Bank Loans						XXX			XXX	XXX		
12.07 Unaffiliated Bank Loans						XXX			XXX	XXX		
12.08 Unaffiliated Certificates of Deposit						XXX			XXX	XXX		
12.09 Totals									XXX	XXX		
12.10 Lines 12.09 as a % Col. 7								XXX	XXX	XXX		
13. Total Bonds Prior Year												
13.01 Issuer Obligations						XXX	XXX	XXX				
13.02 Residential Mortgage-Backed Securities						XXX	XXX	XXX				
13.03 Commercial Mortgage-Backed Securities						XXX	XXX	XXX				
13.04 Other Loan-Backed and Structured Securities						XXX	XXX	XXX				
13.05 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX		XXX	XXX				
13.06 Affiliated Bank Loans						XXX	XXX	XXX				
13.07 Unaffiliated Bank Loans						XXX	XXX	XXX				
13.08 Unaffiliated Certificates of Deposit	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13.09 Totals							XXX	XXX				
13.10 Line 13.09 as a % of Col. 9							XXX	XXX		XXX		
14. Total Publicly Traded Bonds						XXX						XXX
14.01 Issuer Obligations												
14.02 Residential Mortgage-Backed Securities						XXX						XXX
14.03 Commercial Mortgage-Backed Securities						XXX						XXX
14.04 Other Loan-Backed and Structured Securities						XXX						XXX
14.05 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX							XXX
14.06 Affiliated Bank Loans						XXX						XXX
14.07 Unaffiliated Bank Loans						XXX						XXX
14.08 Unaffiliated Certificates of Deposit						XXX			XXX	XXX		XXX
14.09 Totals												XXX
14.10 Line 14.09 as a % of Col. 7								XXX	XXX	XXX		XXX
14.11 Line 14.09 as a % of Line 12.09, Col. 7, Section 12								XXX	XXX	XXX		XXX
15. Total Privately Placed Bonds						XXX					XXX	
15.01 Issuer Obligations												
15.02 Residential Mortgage-Backed Securities						XXX					XXX	
15.03 Commercial Mortgage-Backed Securities						XXX					XXX	
15.04 Other Loan-Backed and Structured Securities						XXX					XXX	
15.05 SVO Identified Funds	XXX	XXX	XXX	XXX	XXX						XXX	
15.06 Affiliated Bank Loans						XXX					XXX	
15.07 Unaffiliated Bank Loans						XXX					XXX	
15.08 Unaffiliated Certificates of Deposit						XXX			XXX	XXX	XXX	
15.09 Totals											XXX	
15.10 Line 15.09 as a % of Col. 7								XXX	XXX	XXX	XXX	
15.11 Line 15.09 as a % of Line 12.09, Col. 7, Section 12								XXX	XXX	XXX	XXX	

SCHEDULE DA – PART 1

Showing all **SHORT-TERM INVESTMENTS** Owned December 31 of Current Year

1	~~Codes~~		3~~4~~	4~~5~~	5~~6~~	6~~7~~	Change In Book/Adjusted Carrying Value				11~~2~~	12~~3~~	Interest						19~~20~~
Descrip-tion	2 Restricted Asset Code	~~3~~ ~~Foreign~~	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	7~~8~~ Unrealized Valuation Increase/ (Decrease)	8~~9~~ Current Year's (Amortization)/ Accretion	9~~10~~ Current Year's Other-Than-Temporary Impairment Recognized	10~~1~~ Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	13~~4~~ Amount Due and Accrued Dec 31 of Current Year on Bond Not in Default	14~~5~~ Non-Admitted Due and Accrued	15~~6~~ Stated Rate Of Interest	16~~7~~ Effective Rate of Interest	17~~8~~ When Paid	18~~9~~ Amount Received During Year	Paid for Accrued Interest
7709999999 Totals											XXX				XXX	XXX	XXX		

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ ----------------------------	1B $ ------------------------	1C $ ------------------------	1D $ ------------------------	1E $ ------------------------	1F $ ------------------------	1G $ ------------------------
1B	2A $ ----------------------------	2B $ ------------------------	2C $ ------------------------				
1C	3A $ ----------------------------	3B $ ------------------------	3C $ ------------------------				
1D	4A $ ----------------------------	4B $ ------------------------	4C $ ------------------------				
1E	5A $ ----------------------------	5B $ ------------------------	5C $ ------------------------				
1F	6 $ ----------------------------						

SCHEDULE DL – PART 1
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets reported in aggregate on Line 10 of the Assets page
and not included on Schedules A, B, BA, D DB and E)

1 CUSIP Identification	2 Description	3 Restricted Asset Code	4 NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Date
9999999999 Totals						XXX

SCHEDULE DL – PART 2
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the Assets page)

1 CUSIP Identification	2 Description	3 Restricted Asset Code	4 NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Date
9999999999 Totals						XXX

SCHEDULE E – PART 2 – CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 CUSIP	2 Description	3 Restricted Asset Code	4 Date Acquired	5 Stated Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
8609999999	Total Cash Equivalents							

1.

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CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	....	....
2. Net investment income	....	....
3. Miscellaneous income		
4. Total (Lines 1 through 3)		
5. Benefit and loss related payments	....	....
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	....	....
7. Commissions, expenses paid and aggregate write-ins for deductions	....	....
8. Dividends paid to policyholders	....	....
9. Federal and foreign income taxes paid (recovered) net of $………. tax on capital gains (losses)		
10. Total (Lines 5 through 9)		
11. Net cash from operations (Line 4 minus Line 10)		
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	....	....
12.2 Stocks	....	....
12.3 Mortgage loans	....	....
12.4 Real estate	....	....
12.5 Other invested assets	....	....
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	....	....
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	....	....
13. Cost of investments acquired (long-term only exclude cash equivalents and short-term investments):		
13.1 Bonds	....	....
13.2 Stocks	....	....
13.3 Mortgage loans	....	....
13.4 Real estate	....	....
13.5 Other invested assets	....	....
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	....	....
16.2 Capital and paid in surplus, less treasury stock	....	....
16.3 Borrowed funds	....	....
16.4 Net deposits on deposit-type contracts and other insurance liabilities	....	....
16.5 Dividends to stockholders	....	....
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	....	....
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	....	....
19.2 End of year (Line 18 plus Line 19.1)		

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001	....	....
20.0002	....	....
20.0003	....	....
20.9996		

GENERAL INTERROGATORIES

31. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (–), or Fair Value over Statement (+)
31.1 ~~Bonds~~Issuer Credit Obligations			
31.2 Asset-Backed Securities			
31.~~2~~3 Preferred Stocks			
31.~~3~~4 Totals			

QUARTERLY STATEMENT BLANKS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE D – PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	~~3~~ ~~Foreign~~	~~4~~3 Date Acquired	~~5~~4 Name of Vendor	~~6~~5 Number of Shares of Stock	~~7~~6 Actual Cost	~~8~~7 Par Value	~~9~~8 Paid for Accrued Interest and Dividends	~~10~~9 NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
6009999999	Totals						XXX		XXX

SCHEDULE D – PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	~~3~~	~~4~~3	~~5~~4	~~6~~5	~~7~~6	~~8~~7	~~9~~8	~~10~~9	Change In Book/Adjusted Carrying Value					~~16~~15	~~17~~16	~~18~~17	~~19~~18	~~20~~19	~~21~~20	~~22~~21
										~~11~~10	~~12~~11	~~13~~12	~~14~~13	~~15~~14							
CUSIP Indenti-fication	Des-cription	~~Foreign~~	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consider-ation	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (~~11~~10+~~12~~11-1~~3)~~2	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
6009999999 Totals							XXX													XXX	XXX

SCHEDULE D – PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
~~BONDS~~ISSUER CREDIT OBLIGATIONS (ICO)								
1. NAIC 1 (a)								
2. NAIC 2 (a)								
3. NAIC 3 (a)								
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total ~~Bonds~~ICO								
ASSET-BACKED SECURITIES (ABS)								
8. NAIC 1 (a)								
9. NAIC 2 (a)								
10. NAIC 3 (a)								
11. NAIC 4 (a)								
12. NAIC 5 (a)								
13. NAIC 6 (a)								
14. Total ~~Bonds~~ABS								
PREFERRED STOCK								
~~8.~~15 NAIC 1								
~~9~~16. NAIC 2								
17~~0~~. NAIC 3								
18~~1~~. NAIC 4								
19~~2~~. NAIC 5								
20~~13~~.NAIC 6								
21~~14~~.Total Preferred Stock								
22~~15~~. Total ~~Bonds~~ ICO, ABS, & Preferred Stock								

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $...........; NAIC 2 $...........; NAIC 3 $...........; NAIC 4 $...........; NAIC 5 $...........; NAIC 6 $...........

SCHEDULE DL – PART 1
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date
(Securities lending collateral assets reported in aggregate on Line 10 of the Assets page
and not included on Schedules A, B, BA, D, DB and E)

1 CUSIP Identification	2 Description	3 Restricted Asset Code	4 NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
9999999999 Totals						XXX

General Interrogatories:
1. Total activity for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
2. Average balance for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:

   NAIC 1 $________; NAIC 2 $________; NAIC 3 $________; NAIC 4 $________; NAIC 5 $________; NAIC 6 $________.

SCHEDULE DL – PART 2
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date
(Securities lending collateral assets included on Schedules A, B, BA, D, DB and E
and not reported in aggregate on Line 10 of the Assets page)

1 CUSIP Identification	2 Description	3 Restricted Asset Code	4 NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
....	....	....	....	....	....	....
9999999999	Totals					XXX

General Interrogatories:
1. Total activity for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....
2. Average balance for the year to date Fair Value $ .... Book/Adjusted Carrying Value $ ....

SCHEDULE E – PART 2 – CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Restricted Asset Code	4 Date Acquired	5 Stated Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
8609999999	Total Cash Equivalents							

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NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 02/06/2023	**FOR NAIC USE ONLY**
CONTACT PERSON:	Agenda Item # 2023-07BWG MOD
TELEPHONE:	Year 2025
EMAIL ADDRESS:	Changes to Existing Reporting [X]
ON BEHALF OF:	New Reporting Requirement [ ]
NAME: Dale Bruggeman	**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT**
TITLE: Chair SAPWG	No Impact [X]
AFFILIATION: Ohio Department of Insurance	Modifies Required Disclosure [ ]
ADDRESS: 50W. Town St., 3rd FL., Ste. 300	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] ***If Yes, complete question below***
Columbus, OH 43215	**DISPOSITION**
	[ ] Rejected For Public Comment
	[ ] Referred To Another NAIC Group
	[ ] Received For Public Comment
	[X] Adopted Date 11/07/2023
	[ ] Rejected Date
	[ ] Deferred Date
	[ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES

[X] **ANNUAL STATEMENT**	[X] **INSTRUCTIONS**	[ ] **CROSSCHECKS**
[X] **QUARTERLY STATEMENT**	[X] **BLANK**	
[X] Life, Accident & Health/Fraternal	[X] Separate Accounts	[X] Title
[X] Property/Casualty	[ ] Protected Cell	[ ] Other
[X] Health	[ ] Health (Life Supplement)	

Anticipated Effective Date: 1st Quarter 2025

IDENTIFICATION OF ITEM(S) TO CHANGE

Update the code column and delete the LEI column for the following investment schedules: Schedules A, B, BA, D Part 2, D Part 6, and E Part 1. Revise the Code column to be Restricted Asset Code column and make corresponding instructional changes. Remove the Code characteristic which identifies when an asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing as this item is used very infrequently. Move the Foreign code column from the printed view to an electronic-only column. Renumber the subsequent columns to accommodate the previous changes.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

These updates will make all the investment schedules consistent with the changes to the Schedule D, Part 1.
The adoption of this proposal should be contingent upon the adoption of the Schedule D, Part 1 proposal 2023-06BWG

*****IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL*****

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:

Other Comments:

** **This section must be completed on all forms.** **Revised 11/17/2022**

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE A – PART 1

REAL ESTATE OWNED DECEMBER 31 OF CURRENT YEAR

Real estate includes land, buildings and permanent improvements (includes real estate owned under contract of sale). Also include single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. All other real estate owned indirectly (such as through joint ventures) should be included in Schedule BA. The purpose for this schedule is to report individually each property owned, classified into categories that separately identify properties occupied by the reporting entity, properties held for the production of income, and properties held for sale. Report each Real Estate project under development in the category where it will ultimately reside, (e.g., a project under development that will be owned for the production of income should be reported in properties held for the production of income category). Refer to *SSAP No. 40R—Real Estate Investments* and *SSAP No. 90—Impairment or Disposal of Real Estate Investments* for accounting guidance.

Detail Eliminated to Conserve Space

Column 2 – Restricted Asset Code

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

~~Enter "!" in this column for all single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments*. For LLCs that do not meet criteria set forth in *SSAP No. 40R—Real Estate Investments*, report on Schedule BA.~~

If real estate is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

~~If the real estate is a single real estate property wholly-owned by an LLC that meets the criteria set forth in *SSAP No. 40R—Real Estate Investments* and is not under the exclusive control of the company, the "!" should appear first, immediately followed by the appropriate code (identified in the Investment Schedules General Instructions).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Detail Eliminated to Conserve Space

**** Columns 18 through 22 will be electronic only. ****

Column 18 – Investment Characteristics

If the characteristic below does not apply, then leave the column blank.

1. Single real estate property wholly owned by an LLC that meets the criteria set forth in *SSAP No. 40R – Real Estate Investments*. For LLCs that do not meet criteria set forth in *SSAP No. 40R – Real Estate Investments*, report on Schedule BA.

Column ~~18~~19 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated…)*
Column ~~19~~20 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*

~~Column 20 Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 21 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 22 – Property Type *(Detail Eliminated to Conserve Space)*

SCHEDULE A – PART 2

REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in the current and prior periods and their encumbrances. Report individually each property acquired or transferred from another category (e.g., joint ventures, Schedule BA). Property acquired and sold during the same year should be reported in both Part 2 and Part 3.

Detail Eliminated to Conserve Space

**** Columns 10 ~~through~~ and ~~12~~ 11 will be electronic only. ****

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~11~~10 – Postal Code *(Detail Eliminated to Conserve Space)*
Column ~~12~~11 – Property Type *(Detail Eliminated to Conserve Space)*

SCHEDULE A – PART 3

REAL ESTATE DISPOSED DURING THE YEAR

This schedule should reflect not only disposals of an entire real estate investment but should also include partial disposals and amounts received during the year on properties still held. Report individually each property disposed or transferred to another category (e.g., joint ventures, Schedule BA). Properties acquired and disposed during the same year should be reported in both Part 2 and Part 3.

Detail Eliminated to Conserve Space

**** Columns 21 ~~through~~ and ~~23~~ 22 will be electronic only. ****

~~Column 21 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~22~~21 – Postal Code *(Detail Eliminated to Conserve Space)*
Column ~~23~~22 – Property Type *(Detail Eliminated to Conserve Space)*

SCHEDULE B – PART 1

MORTGAGE LOANS OWNED DECEMBER 31 OF CURRENT YEAR

Report separately all mortgage loans owned and backed by real estate. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations, (residential mortgage-backed securities), should be included in Schedule D.

Detail Eliminated to Conserve Space

Column 2 – Restricted Asset Code

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If mortgage loans are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Detail Eliminated to Conserve Space

** **Columns 16 through ~~20~~ 19 will be electronic only.** **

Column 16 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 16 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 17 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 18 – Property Type *(Detail Eliminated to Conserve Space)*
Column 19 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 20 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE B – PART 2

MORTGAGE LOANS ACQUIRED AND ADDITIONS MADE DURING YEAR

Report individually all mortgage loans acquired or transferred from another category (e.g., joint ventures, Schedule BA) but also any increases or additions to mortgage loans acquired or transferred in the current and prior periods. Mortgages acquired and disposed during the same year should be reported in both Part 2 and Part 3. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations (residential mortgage-backed securities) should be included in Schedule D.

Detail Eliminated to Conserve Space

**** Columns 10 through ~~14~~ 13 will be electronic only. ****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 11 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 12 – Property Type *(Detail Eliminated to Conserve Space)*
Column 13 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 14 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE B – PART 3

MORTGAGE LOANS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

Report individually each mortgage that has had decreases in the balance as a result of being closed by repayment, partial repayment, disposed or transferred to another category (e.g., real estate, Schedule A). Do not report individual partial repayments but aggregate all partial repayments by mortgage loan.

Detail Eliminated to Conserve Space

**** Columns 19 through ~~23~~ 22 will be electronic only. ****

Column 19 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 19 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 20 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 21 – Property Type *(Detail Eliminated to Conserve Space)*
Column 22 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 23 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE BA – PART 1

OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR

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

Detail Eliminated to Conserve Space

Column 3 – Restricted Asset Code

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If long-term invested assets are not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

Detail Eliminated to Conserve Space

**** Columns 21 through ~~27~~ 26 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~21~~22 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated…)*
Column ~~22~~23 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*

~~Column 23 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 24 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 25 – Property Type *(Detail Eliminated to Conserve Space)*
Column 26 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 27 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE BA – PART 2

OTHER LONG-TERM INVESTED ASSETS ACQUIRED AND ADDITIONS MADE DURING THE YEAR

This schedule should reflect not only those newly acquired long-term invested assets, but also any increases or additions to long-term invested assets acquired in the current and prior periods, including, for example, capital calls from existing limited partnerships.

Detail Eliminated to Conserve Space

** **Columns 12 through ~~16~~ 15 will be electronic only.** **

Column 12 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 12 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 13 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 14 – Property Type *(Detail Eliminated to Conserve Space)*
Column 15 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 16~~ ~~Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE BA – PART 3

OTHER LONG-TERM INVESTED ASSETS DISPOSED, TRANSFERRED OR REPAID DURING THE YEAR

This schedule should reflect not only disposals of an entire "other invested asset" but should also include partial disposals and amounts received during the year on investments still held, including, for example, return of capital distributions from limited partnerships.

Detail Eliminated to Conserve Space

**** Columns 21 through ~~25~~ 24 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 21 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 22 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 23 – Property Type *(Detail Eliminated to Conserve Space)*
Column 24 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 25~~ ~~Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE D – PART 2 – SECTION 1

PREFERRED STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Detail Eliminated to Conserve Space

Column 3 – Restricted Asset Code

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If preferred stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~Column 4 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~76~~4 – ~~In Good Standing (YES/NO)~~ ~~Rate Per Share *(Detail Eliminated to Conserve Space)*~~

~~Answer "YES" if the preferred stock is in good standing and "NO" if not in good standing.Insert the market rate for preferred stocks not in good standing.~~

Column ~~8~~6 – Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~9~~7 – Rate Per Share Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~10~~8 – Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~11~~9 – Actual Cost *(Detail Eliminated to Conserve Space)*
Column ~~1311~~10 – Dividends – Amount Received During Year *(Detail Eliminated to Conserve Space)*
Column 11 – Dividends – Declared but Unpaid *(Detail Eliminated to Conserve Space)*
Column ~~14~~12 – Dividends - Nonadmitted Declared but Unpaid *(Detail Eliminated to Conserve Space)*

Column 13 – Dividends – Cumulative Undeclared

Include: The amount of ~~unpaid~~undeclared cumulative dividends, including any additional interest accumulated.

Column ~~15~~14 – Unrealized Valuation Increase/(Decrease) *(Detail Eliminated to Conserve Space)*
Column ~~16~~15 – Current Year's (Amortization)/Accretion *(Detail Eliminated to Conserve Space)*
Column ~~17~~16 – Current Year's Other-Than-Temporary Impairment Recognized *(Detail Eliminated to Conserve Space)*
Column ~~18~~17 – Total Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~19~~18 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated…)*
Column ~~20~~19 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol *(Detail Eliminated…)*
Column ~~21~~20 – Date Acquired *(Detail Eliminated to Conserve Space)*

**** Columns ~~22~~ 21 through ~~28~~ 27 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 22 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~22~~23 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated…)*
Column ~~23~~24 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*

~~Column 24 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 25 – Issuer *(Detail Eliminated to Conserve Space)*
Column 26 – Issue *(Detail Eliminated to Conserve Space)*
Column 27 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 28 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column ~~8~~7.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal the sum of Lines 4019999999 and 4029999999.

SCHEDULE D – PART 2 – SECTION 2

COMMON STOCKS OWNED DECEMBER 31 OF CURRENT YEAR

Stocks are to be grouped as listed below and arranged alphabetically, showing a subtotal for each category.

Detail Eliminated to Conserve Space

Column 3 – Restricted Asset Code

~~Enter "#" in this column for all foreign (non-SEC registered) open-end registered investment funds.~~

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If common stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **(identified in the Investment Schedules General Instructions)** in this column.

~~If the security is foreign mutual fund and is not under the exclusive control of the company, the "#" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first and may be used simultaneously with the "#" with the "^" preceding the "#", immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~Column 4 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~6~~5 – Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~7~~6 – Rate Per Share Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~8~~7 – Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~9~~8 – Actual Cost *(Detail Eliminated to Conserve Space)*
Column ~~11~~10 – Dividends - Amount Received During the Year *(Detail Eliminated to Conserve Space)*
Column ~~12~~11 – Dividends - Nonadmitted Declared but Unpaid *(Detail Eliminated to Conserve Space)*
Column ~~13~~12 – Unrealized Valuation Increase/(Decrease) *(Detail Eliminated to Conserve Space)*
Column ~~14~~13 – Current Year's Other-Than-Temporary Impairment Recognized *(Detail Eliminated to Conserve Space)*
Column ~~15~~14 – Total Change in Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~16~~15 – Total Foreign Exchange Change in Book/Adjusted Carrying Value *(Detail Eliminated…)*
Column ~~17~~16 – Date Acquired *(Detail Eliminated to Conserve Space)*
Column ~~18~~17 – NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol *(Detail Eliminated…)*

**** Columns ~~19~~ 18 through 25 will be electronic only. ****

Column 18 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column 19 – Investment Characteristics

If an investment has one or more of the following characteristics, then list the appropriate number(s) separated by commas. If none of the characteristics apply, then leave the column blank.

1. Foreign (non-SEC registered) open-end registered investment funds.

2. Foreign mutual fund and is not under the exclusive control of the company

Column 20 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column ~~19~~21 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated)*
Column ~~20~~22 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*

~~Column 21 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~22~~23 – Issuer *(Detail Eliminated to Conserve Space)*
Column ~~23~~24 – Issue *(Detail Eliminated to Conserve Space)*
Column ~~24~~25 – ISIN Identification *(Detail Eliminated to Conserve Space)*

~~Column 25 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column ~~6~~5.

SCHEDULE D – PART 6 – SECTION 1

VALUATION OF SHARES OF SUBSIDIARY, CONTROLLED OR AFFILIATED COMPANIES

If a reporting entity has any common stock or preferred stock reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Detail Eliminated to Conserve Space

~~Column 3 – Foreign~~

~~Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.~~

Column ~~4~~3 – NAIC Company Code *(Detail Eliminated to Conserve Space)*
Column ~~5~~4 – ID Number *(Detail Eliminated to Conserve Space)*
Column ~~6~~5 – NAIC Valuation Method *(Detail Eliminated to Conserve Space)*
Column ~~8~~7 – Total Amount of Goodwill *(Detail Eliminated to Conserve Space)*
Column ~~9~~8 – Nonadmitted Amount *(Detail Eliminated to Conserve Space)*
Column ~~10~~9 – Stock of Such Company Owned by Insurer on Statement Date Number of Shares *(Detail Eliminated…)*
Column ~~11~~10 – Stock of Such Company Owned by Insurer on Statement Date % of Outstanding *(Detail Eliminated…)*

**** Column ~~12~~ 11 through ~~19~~ 18 will be electronic only. ****

Column 11 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

~~Column 12 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~13~~12 – Issuer *(Detail Eliminated to Conserve Space)*
Column ~~14~~13 – Issue *(Detail Eliminated to Conserve Space)*
Column ~~15~~14 – ISIN Identification *(Detail Eliminated to Conserve Space)*
Column ~~16~~15 – Prior Year Book/Adjusted Carrying Value *(Detail Eliminated to Conserve Space)*
Column ~~17~~16 – Prior Year Nonadmitted Amount *(Detail Eliminated to Conserve Space)*
Column ~~18~~17 – Prior Year Sub-2 Verified Value *(Detail Eliminated to Conserve Space)*
Column ~~19~~18 – Prior Year VISION Filing Number *(Detail Eliminated to Conserve Space)*

SCHEDULE D – PART 6 – SECTION 2

If a reporting entity has any common or preferred stocks reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Detail Eliminated to Conserve Space

~~**** Column 7 will be electronic only. ****~~

~~Column 7~~ ~~Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

SCHEDULE DB – PART A – SECTION 1

**OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN
DECEMBER 31 OF CURRENT YEAR**

Detail Eliminated to Conserve Space

**** Columns 24 through 33 will be electronic only. ****

Column 24 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~24~~25 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated)*
Column ~~25~~26 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~26~~27 – Method of Clearing (C or U) *(Detail Eliminated to Conserve Space)*
Column ~~27~~28 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~28~~ 29 through ~~32~~ 33 are for derivatives with financing premiums****

Column ~~28~~29 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~29~~30 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~30~~31 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve)*
Column ~~31~~32 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums *(Detail Elim.)*
Column ~~32~~33 – CDHS Identifier *(Detail Eliminated to Conserve Space)*

~~Column 33 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART A – SECTION 2

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS TERMINATED DURING CURRENT YEAR

Detail Eliminated to Conserve Space

** **Column 26 through 32 will be electronic only.** **

Column 26 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~26~~27 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~27~~ 28 through ~~31~~ 32 are for derivatives with financing premiums****

Column ~~27~~28 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~28~~29 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~29~~30 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve)*
Column ~~30~~31 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums *(Detail Elim.)*
Column ~~31~~32 – CDHS Identifier *(Detail Eliminated to Conserve Space)*

~~Column 32 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART B – SECTION 1

**FUTURES CONTRACTS OPEN
DECEMBER 31 OF CURRENT YEAR**

Detail Eliminated to Conserve Space

**** Columns 23 through 31 will be electronic only. ****

Column 23 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~23~~24 – Fair Value Hierarchy Level and Method Used to Obtain Fair Value Code *(Detail Eliminated)*
Column ~~24~~25 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~25~~26 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~26~~ 27 through ~~30~~ 31 are for derivatives with financing premiums****

Column ~~26~~27 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~27~~28 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~28~~29 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve)*
Column ~~29~~30 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums *(Detail Elim.)*
Column ~~30~~31 – CDHS Identifier *(Detail Eliminated to Conserve Space)*

~~Column 31 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART B – SECTION 2

FUTURES CONTRACTS TERMINATED DURING CURRENT YEAR

Detail Eliminated to Conserve Space

**** Column 21 through 27 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~21~~22 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~22~~ 23 through ~~26~~ 27 are for derivatives with financing premiums****

Column ~~22~~23 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~23~~24 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~24~~25 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve)*
Column ~~25~~26 – Unrealized Valuation Increase/(Decrease), Excluding Impact of Financing Premiums *(Detail Elim.)*
Column ~~26~~27 – CDHS Identifier *(Detail Eliminated to Conserve Space)*

~~Column 27 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART D – SECTION 1

COUNTERPARTY EXPOSURE FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Detail Eliminated to Conserve Space

**** Column 14 and 15 will be electronic only. ****

Column 14 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~14~~15 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

~~Column 15 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator,~~

~~manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

3. ~~Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

4. ~~Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

5. ~~The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

6. ~~The investment does not involve a related party.~~

SCHEDULE DB – PART D – SECTION 2

COLLATERAL FOR DERIVATIVE INSTRUMENTS OPEN DECEMBER 31 OF CURRENT YEAR

Detail Eliminated to Conserve Space

**** Column 10 and 11 will be electronic only. ****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~10~~11 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

~~Column 11 Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator,~~

~~manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE E – PART 1 – CASH

This schedule shows all banks, trust companies, savings and loan and building and loan associations in which the Company maintained deposits at any time during the year and the balances, if any (according to Reporting Entity's record), on December 31 of the current year. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date and other instruments defined as cash in accordance with *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments* should be reported in this schedule. All Cash Equivalents should be reported in Schedule E, Part 2. Long-term certificates of deposit are to be reported in Schedule D.

Detail Eliminated to Conserve Space

Column 2 – Restricted Asset Code

~~Enter "^" in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.~~

If cash is not under the exclusive control of the company as shown in the General Interrogatories, it is to be identified by placing one of the **symbols identified in the Investment Schedules General Instructions** in this column.

~~**Separate Account Filing Only:**~~

~~If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the "^" should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).~~

~~**** Column 8 will be electronic only. ****~~

~~Column 8 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for any depository as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

QUARTERLY STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE A – PART 2

REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING THE CURRENT QUARTER

This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in the current and prior periods and their encumbrances. Report individually each property acquired or transferred from another category (e.g., joint ventures, Schedule BA). Property acquired and sold during the same quarter should be reported in both Part 2 and Part 3.

Detail Eliminated to Conserve Space

**** Columns 10 ~~through~~ and ~~12~~ 11 will be electronic only. ****

~~Column 10~~ ~~Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer that has been assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~11~~10 – Postal Code *(Detail Eliminated to Conserve Space)*
Column ~~12~~11 – Property Type *(Detail Eliminated to Conserve Space)*

SCHEDULE A – PART 3

REAL ESTATE DISPOSED DURING THE QUARTER

This schedule should reflect not only disposals of an entire real estate investment but should also include partial disposals and amounts received during the year on properties still held. Report individually each property disposed or transferred to another category (e.g., joint ventures, Schedule BA). Properties acquired and disposed during the same quarter should be reported in both Part 2 and Part 3. For "Sales Under Contract", only payments received during the quarter related to such sales in their final year of payment should be reported.

Detail Eliminated to Conserve Space

**** Columns 21 ~~through~~ and ~~23~~ 22 will be electronic only. ****

~~Column 21 Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column ~~22~~21 – Postal Code *(Detail Eliminated to Conserve Space)*
Column ~~23~~22 – Property Type *(Detail Eliminated to Conserve Space)*

SCHEDULE B – PART 2

MORTGAGE LOANS ACQUIRED AND ADDITONS MADE DURING THE CURRENT QUARTER

Report individually all mortgage loans acquired or transferred from another category (e.g., joint ventures, Schedule BA) but also any increases or additions to mortgage loans acquired or transferred in the current and prior periods. Mortgages acquired and disposed during the same quarter should be reported in both Part 2 and Part 3. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to *SSAP No. 83—Mezzanine Real Estate Loans*. Collateralized Mortgage Obligations (residential mortgage-backed securities) should be included in Schedule D.

Detail Eliminated to Conserve Space

**** Columns 10 through ~~14~~ 13 will be electronic only. ****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 10 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 11 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 12 – Property Type *(Detail Eliminated to Conserve Space)*
Column 13 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 14~~ ~~Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE B – PART 3

MORTGAGE LOANS DISPOSED, TRANSFERRED OR REPAID DURING THE CURRENT QUARTER

Report individually each mortgage that has had decreases in the balance as a result of either being closed by repayment, partial repayment, disposed or transferred to another category, e.g., real estate, Schedule A. Do not report individual partial repayments but aggregate all partial repayments by mortgage loan. Mortgage loans acquired and sold during the same quarter should be reported in both Part 2 and Part 3.

Detail Eliminated to Conserve Space

** **Columns 19 through ~~23~~ 22 will be electronic only.** **

Column 19 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 19 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for mortgagor as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 20 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 21 – Property Type *(Detail Eliminated to Conserve Space)*
Column 22 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 23 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE BA – PART 2

OTHER LONG-TERM INVESTED ASSETS ACQUIRED AND ADDITIONS MADE DURING THE CURRENT QUARTER

This schedule should reflect not only those newly acquired long-term invested assets, but also any increases or additions to long-term invested assets acquired in the current and prior periods, including, for example, capital calls from existing limited partnerships.

Detail Eliminated to Conserve Space

**** Columns 14 through ~~18~~ 17 will be electronic only. ****

Column 14 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 14 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 15 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 16 – Property Type *(Detail Eliminated to Conserve Space)*
Column 17 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 18 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE BA – PART 3

OTHER LONG-TERM INVESTED ASSETS DISPOSED, TRANSFERRED OR REPAID DURING THE CURRENT QUARTER

This schedule should reflect not only disposals of an entire "other invested asset" but should also include partial disposals and amounts received during the year on investments still held, including, for example, return of capital distributions from limited partnerships.

Detail Eliminated to Conserve Space

**** Columns 21 through ~~25~~ 24 will be electronic only. ****

Column 21 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

~~Column 21 – Legal Entity Identifier (LEI)~~

~~Provide the 20-character Legal Entity Identifier (LEI) for issuer as assigned by a designated Local Operating Unit. If no LEI number has been assigned, leave blank.~~

Column 22 – Postal Code *(Detail Eliminated to Conserve Space)*
Column 23 – Property Type *(Detail Eliminated to Conserve Space)*
Column 24 – Maturity Date *(Detail Eliminated to Conserve Space)*

~~Column 25 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect~~

~~interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART A – SECTION 1

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN

Detail Eliminated to Conserve Space

** **Columns 24 through 33 will be electronic only.** **

Column 24 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~24~~25 – Method Used to Obtain Fair Value Code *(Detail Eliminated to Conserve Space)*
Column ~~25~~26 – Source Used to Obtain Fair Value *(Detail Eliminated to Conserve Space)*
Column ~~26~~27 – Method of Clearing (C or U) *(Detail Eliminated to Conserve Space)*
Column ~~27~~28 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~28~~ 29 through ~~32~~ 33 are for derivatives with financing premiums****

Column ~~28~~29 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~29~~30 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~30~~31 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve…)*
Column ~~31~~32 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums *(Detail Eliminated)*
Column ~~32~~33 – CDHS Identifier *(Detail Eliminated to Conserve Space)*
~~Column 33 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART B – SECTION 1

FUTURES CONTRACTS OPEN

Detail Eliminated to Conserve Space

**** Column 23 through 29 will be electronic only. ****

Column 23 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~23~~24 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

****Columns ~~24~~ 25 through ~~28~~ 29 are for derivatives with financing premiums****

Column ~~24~~25 – Total Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~25~~26 – Unpaid Undiscounted Premium Cost *(Detail Eliminated to Conserve Space)*
Column ~~26~~27 – Fair Value of Derivative, Excluding Impact of Financing Premiums *(Detail Eliminated to Conserve…)*
Column ~~27~~28 – Unrealized Valuation Increase/Decrease, Excluding Impact of Financing Premiums *(Detail Eliminated)*
Column ~~28~~29 – CDHS Identifier *(Detail Eliminated to Conserve Space)*

~~Column 29 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART D – SECTION 1

COUNTERPARTY EXPOSURE FOR DERIVATIVE INSTRUMENTS OPEN AS OF CURRENT STATEMENT DATE

Detail Eliminated to Conserve Space

**** Column 14 and 15 will be electronic only. ****

Column 14 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~14~~15 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

~~Column 15 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator,~~

~~manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

SCHEDULE DB – PART D – SECTION 2

COLLATERAL FOR DERIVATIVE INSTRUMENTS OPEN AS OF CURRENT STATEMENT DATE

Detail Eliminated to Conserve Space

**** Column 10 and 11 will be electronic only.****

Column 10 – Investments Involving Related Parties

Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.

Enter one of the following codes to identify the role of the related party in the investment.

1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.

2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.

3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.

4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.

5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.

6. The investment does not involve a related party.

Column ~~10~~11 – Legal Entity Identifier (LEI) *(Detail Eliminated to Conserve Space)*

~~Column 11 – Investments Involving Related Parties~~

~~Required for all investments involving related parties including, but not limited to, those captured as affiliate investments. This disclosure intends to capture information on investments held that reflect interactions involving related parties, regardless of whether the related party meets the affiliate definition, or the reporting entity has received domiciliary state approval to disclaim control/affiliation.~~

~~Enter one of the following codes to identify the role of the related party in the investment.~~

~~1. Direct loan or direct investment (excluding securitizations) in a related party, for which the related party represents a direct credit exposure.~~

~~2. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator,~~

~~manager, servicer, or other similar influential role and for which 50% or more of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~3. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies involving a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role and for which less than 50% (including 0%) of the underlying collateral represents investments in or direct credit exposure to related parties.~~

~~4. Securitization or similar investment vehicles such as mutual funds, limited partnerships and limited liability companies in which the structure reflects an in-substance related party transaction but does not involve a relationship with a related party as sponsor, originator, manager, servicer or other similar influential role.~~

~~5. The investment is identified as related party, but the role of the related party represents a different arrangement than the options provided in choices 1-4.~~

~~6. The investment does not involve a related party.~~

ANNUAL STATEMENT BLANKS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE A – PART 1

Showing All Real Estate OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	Change in Book/Adjusted Carrying Value Less Encumbrances					16	17
		3	4							11	12	13	14	15		
Description of Property	Restricted Asset Code	City	State	Date Acquired	Date of Last Appraisal	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Fair Value Less Encumbrances	Current Year's Depreciation	Current Year's Other-Than-Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in B./A.C.V. (13-11-12)	Total Foreign Exchange Change in B./A.C.V.	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred
0699999 Totals																

SCHEDULE B – PART 1

Showing All Mortgage Loans OWNED December 31 of Current Year

1	2	Location		5	6	7	8	Change in Book Value/Recorded Investment					14	15
		3	4					9	10	11	12	13		
Loan Number	Restricted Asset Code	City	State	Loan Type	Date Acquired	Rate of Interest	Book Value/ Recorded Investment Excluding Accrued Interest	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Foreign Exchange Change in Book Value	Value of Land and Buildings	Date of Last Appraisal or Valuation
3399999 Totals														XXX

General Interrogatory:

1. Mortgages in good standing $……………unpaid taxes $…………… interest due and unpaid.
2. Restructured mortgages $…………… unpaid taxes $…………… interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure $…………… unpaid taxes $…………… interest due and unpaid.
4. Mortgages in process of foreclosure $…………… unpaid taxes $…………… interest due and unpaid.

SCHEDULE BA – PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1	2	3	Location		6	7	8	9	10	11	12	Change in Book/Adjusted Carrying Value					18	19	20
			4	5								13	14	15	16	17			
CUSIP Identification	Name or Description	Restricted Asset Code	City	State	Name of Vendor or General Partner	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	Date Originally Acquired	Type and Strategy	Actual Cost	Fair Value	Book/ Adjusted Carrying Value Less Encumbrances	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Foreign Exchange Change in B./A.C.V.	Investment Income	Commitment for Additional Investment	Percentage of Ownership
6299999 Totals																			XXX

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ --------------------------	1B $-----------------------	1C $ -----------------------	1D $ -----------------------	1E $ -----------------------	1F $ -----------------------	1G $ -----------------------
1B	2A $ --------------------------	2B $ -----------------------	2C $ -----------------------				
1C	3A $ --------------------------	3B $ -----------------------	3C $ -----------------------				
1D	4A $ --------------------------	4B $ -----------------------	4C $ -----------------------				
1E	5A $ --------------------------	5B $ -----------------------	5C $ -----------------------				
1F	6 $ --------------------------						

SCHEDULE D – PART 2 – SECTION 1

Showing All **PREFERRED STOCKS** Owned December 31 of Current Year

1	2	~~Codes~~		~~5~~4	~~6~~5	~~7~~	~~8~~6	Fair Value		~~11~~9	Dividends				Change in Book/Adjusted Carrying Value					~~20~~19	~~21~~ 20
		3	~~4~~					~~9~~7	~~10~~8		~~12~~10	~~13~~11	~~14~~12	13	~~15~~14	~~16~~15	~~17~~16	~~18~~17	~~19~~18		
CUSIP Identification	Description	Restriced Asset Code	~~Foreign~~	Number of Shares	Par Value Per Share	~~Rate Per Share~~	Book/ Adjusted Carrying Value	Rate per Share Used to Obtain Fair Value	Fair Value	Actual Cost	~~Declared but Unpaid~~Amount Received During Year	~~Amount Received During Year~~Declared But Unpaid	Nonadmitted Declared But Unpaid	Cumulative Undeclared	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (15+16-17)	Total Foreign Exchange Change in B./A.C.V.	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	Date Acquired
4509999999 Total Preferred Stocks								XXX												XXX	XXX

1\.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ --------------------------	1B $ -----------------------	1C $ -----------------------	1D $ -----------------------	1E $ -----------------------	1F $ -----------------------	1G $ -----------------------
1B	2A $ --------------------------	2B $ -----------------------	2C $ -----------------------				
1C	3A $ --------------------------	3B $ -----------------------	3C $ -----------------------				
1D	4A $ --------------------------	4B $ -----------------------	4C $ -----------------------				
1E	5A $ --------------------------	5B $ -----------------------	5C $ -----------------------				
1F	6 $ --------------------------						

SCHEDULE D – PART 2 – SECTION 2

Showing all **COMMON STOCKS** Owned December 31 of Current Year

1	2	Codes		~~5~~4	~~6~~5	Fair Value		~~9~~8	Dividends			Change in Book/Adjusted Carrying Value				~~17~~16	~~18~~17
		3	~~4~~			~~7~~6	~~8~~7		~~10~~9	~~11~~10	~~12~~11	~~13~~12	~~14~~13	~~15~~14	~~16~~15		
CUSIP Identification	Description	Restricted Asset Code	~~Foreign~~	Number of Shares	Book/Adjusted Carrying Value	Rate per Share Used to Obtain Fair Value	Fair Value	Actual Cost	Declared but Unpaid	Amount Received During Year	Nonadmitted Declared But Unpaid	Unrealized Valuation Increase/ (Decrease)	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (~~13~~12-~~14~~13)	Total Foreign Exchange Change in B./A.C.V.	Date Acquired	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
....	....	....	~~...........~~	....	....	....	....	....	....	....	....	....	....	....	....	....	....
5989999999 Total Common Stocks						XXX										XXX	XXX
5999999999 Total Preferred and Common Stocks						XXX										XXX	XXX

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ ----------------------------	1B $ ------------------------	1C $ ------------------------	1D $ ------------------------	1E $ ------------------------	1F $ ------------------------	1G $ ------------------------
1B	2A $ ----------------------------	2B $ ------------------------	2C $ ------------------------				
1C	3A $ ----------------------------	3B $ ------------------------	3C $ ------------------------				
1D	4A $ ----------------------------	4B $ ------------------------	4C $ ------------------------				
1E	5A $ ----------------------------	5B $ ------------------------	5C $ ------------------------				
1F	6 $ ----------------------------						

SCHEDULE D – PART 6 – SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1	2	~~3~~	~~4~~3	~~5~~4	~~6~~5	~~7~~6	~~8~~7	~~9~~8	Stock of Such Company Owned by Insurer on Statement Date	
CUSIP Identification	Description Name of Subsidiary, Controlled or Affiliated Company	~~Foreign~~	NAIC Company Code	ID Number	NAIC Valuation Method	Book/Adjusted Carrying Value	Total Amount of Goodwill Included in Book/Adjusted Carrying Value	Nonadmitted Amount	~~10~~9 Number of Shares	~~11~~10 % of Outstanding
1999999 Totals									XXX	XXX

1. Total amount of goodwill nonadmitted $..

SCHEDULE E – PART 1 – CASH

1 Depository	2 Restricted Asset Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
OPEN DEPOSITORIES						
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
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....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
....	....	....	....	....	....	XXX
0199998 Deposits in............depositories that do not exceed the allowable limit in any one depository (See Instructions)-open depositories	XXX	XXX	....	....	....	XXX
0199999 Totals – Open Depositories	XXX	XXX	....	....	....	XXX
SUSPENDED DEPOSITORIES						
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
....	....	....	....	....	....	....
0299998 Deposits in ....depositories that do not exceed the allowable limit in any one depository (See Instructions)-suspended depositories	XXX	XXX	....	....	....	XXX
0299999 Totals – Suspended Depositories	XXX	XXX	....	....	....	XXX
0399999 Total Cash on Deposit	XXX	XXX	....	....	....	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX	....	XXX
0599999 Total Cash	XXX	XXX				XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January........	....	4. April	....	7. July	....	10. October........	....
2. February......	....	5. May	....	8. August	....	11. November.....	....
3. March		6. June		9. September		12. December	

W:\QA\BlanksProposals\2023-07BWG_Modified.docx

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

To: Pat Gosselin, Chair of the Blanks (E) Working Group

From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group

Re: Third Quarter 2023 Disclosures – INT 23-01

Date: September 13, 2023

The purpose of this memo is for the Statutory Accounting Principles (E) Working Group to notify the Blanks (E) Working Group of revisions to the "Notes to the Financial Statements" that have been adopted for 3rd Quarter 2023 reporting. As *INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* has already been adopted as an interpretation, which represents the second level of authoritative guidance as promulgated by the Preamble, these additions to the financial statement notes for 3rd quarter 2023 reporting do not require approval from the Blanks (E) Working Group.

It is recommended that this memo, detailing changes to existing reporting and disclosure requirements, and the full related INT 23-01 be posted to the NAIC website. This is consistent with the *NAIC Policy Statement on Coordination of the Accounting Practices and Procedures Manual, and the Annual Statement Blank* located within the *Accounting Practices & Procedures Manual*. Excerpts from *INT 23-01: Net Negative (Disallowed) Interest Maintenance* Reserve, detailing disclosures which are effective until December 31, 2025, are included on the following page; however, the full interpretation provides relevant explanation and detail.

The Working Group will forward another memo regarding other third quarter adoptions when they are finalized.

Please contact NAIC staff Robin Marcotte (rmarcotte@naic.org), Julie Gann (jgann@naic.org), Jake Stultz (jstultz@naic.org); Wil Oden (woden@naic.org); or Jason Farr (jfarr@naic.org) if you have any questions.

Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr

Key disclosure excerpts from*: INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve:*

13. Reporting entities admitting net negative (disallowed) IMR are required to complete the following disclosures in the annual and quarterly financial statements for IMR:

a. Reporting entities that have allocated gains/losses to IMR from derivatives that were reported at fair value prior to the termination of the derivative shall disclose the unamortized balances in IMR from these allocations separately between gains and losses.

b. Reporting entities shall complete a note disclosure that details the following:

i. Net negative (disallowed) IMR in aggregate and allocated between the general account, insulated separate account and non-insulated account,

ii. Amounts of negative IMR admitted in the general account and reported as an asset in the separate account insulated and non-insulated blank,

iii. The calculated adjusted capital and surplus per paragraph 9.a., and

iv. Percentage of adjusted capital and surplus for which the admitted net negative (disallowed) IMR represents (including what is admitted in the general account and what is recognized as an asset in the separate account).

c. Reporting entities shall include a note disclosure that attests to the following statements:

i. Fixed income investments generating IMR losses comply with the reporting entity's documented investment or liability management policies,

ii. IMR losses for fixed income related derivatives are all in accordance with prudent and documented risk management procedures, in accordance with a reporting entity's derivative use plans and reflect symmetry with historical treatment in which unrealized derivative gains were reversed to IMR and amortized in lieu of being recognized as realized gains upon derivative termination.

iii. Any deviation to 13.c.i was either because of a temporary and transitory timing issue or related to a specific event, such as a reinsurance transaction, that mechanically made the cause of IMR losses not reflective of reinvestment activities.

iv. Asset sales that were generating admitted negative IMR were not compelled by liquidity pressures (e.g., to fund significant cash outflows including, but not limited to excess withdrawals and collateral calls).

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/BWG/Att Two-D_SAPWG to Blanks INT 23-01.docx

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

To: Pat Gosselin, Chair of the Blanks (E) Working Group

From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group

Re: 2023 impacts to the annual statement notes and instructions

Date: October 30, 2023

The purpose of this memo is for the Statutory Accounting Principles (E) Working Group to notify the Blanks (E) Working Group of revisions to the "Notes to the Financial Statements" and *Annual Statement Instructions* that have been adopted. As the below items have already been adopted, and SSAPs and Interpretations which represent the first and the second level of authoritative guidance as promulgated by the Preamble, these additions to the financial statement notes and instructions for 2023 reporting do not require approval from the Blanks (E) Working Group.

It is recommended that this memo, detailing changes to existing reporting instructions and 2023 disclosure requirements, be posted to the NAIC website. This is consistent with the *NAIC Policy Statement on Coordination of the Accounting Practices and Procedures Manual, and the Annual Statement Blank* located within the *Accounting Practices & Procedures Manual*. Excerpts are included on the following pages; however, the full interpretations and agenda items can be found at the following link for the Statutory Accounting Principles (E) Working Group webpage under the documents tab at https://content.naic.org/cmte_e_app_sapwg.htm .

Adopted Aug. 13:

1. Ref #2023-13: PIK Interest Disclosure Clarification

Adopted on Sept. 21:

2. *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective third quarter 2023 only)
3. Ref #2023-04; *INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective year end 2023 reporting and thereafter)
4. Ref # 2023-12: Residuals in SSAP No. 48 Investments

Adopted on Oct. 23:

5. Ref #2023-21: Removal of Transition guidance from SSAP No. 92 and SSAP No. 102

Please contact NAIC staff Robin Marcotte (rmarcotte@naic.org), Julie Gann (jgann@naic.org), Jake Stultz (jstultz@naic.org); Wil Oden (woden@naic.org); or Jason Farr (jfarr@naic.org) if you have any questions.

Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr

1. Ref #2023-13: PIK Interest Disclosure Clarification

The adopted disclosure in SSAP No. 34 is not intended to change, but the proposed clarification and practical expedient guidance is intended to be captured in the annual statement instructions. **Proposed instruction for inclusion in the Annual Statement Instructions 2023 memo to Blank:**

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.

C. The gross, nonadmitted and admitted amounts for interest income due and accrued. (1) Gross amount for interest income due and accrued. (2) Nonadmitted amount for interest income due and accrued. (3) Admitted amount for interest income due and accrued.

D. The aggregate deferred interest.

E. The cumulative amounts of paid-in-kind (PIK) interest included in the current principal balance.

For the PIK interest included in the current principal balance, include the amount of reported interest in which the terms permit "paid in kind" (PIK) instead of cash. The amount reported shall reflect the cumulative amount of PIK interest included in the current principal balance / par value. In disclosing the cumulative amount of PIK interest, identify the specific amounts of PIK interest by lot and aggregate the amounts by CUSIP/PPN that have a net increase to the original par value. The net increase includes PIK interest added to the par value less disposals (i.e., repayments; sales) that are first applied to any PIK interest outstanding. As a practical expedient, an insurer may calculate the cumulative amount of PIK interest on a bond by subtracting the original principal / par value from the current principal / par value, but not less than $0.

2. *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective third quarter 2023 only)

Response: Issue 1 – Consideration of the Act for Third Quarter 2023 Financial Statements

13. Reporting entities that are aware they will be subject to the CAMT would normally have to reflect the effects of the Act on the calculations impacted by the CAMT if reasonably estimable for the third quarter 2023. The Act was adopted in August 2022; however, entities may continue to have a considerable number of unknown variables for September 30, 2023, reporting. As such, the Working Group has determined that a reasonable estimate might not be determinable for third quarter 2023 interim financial statements for the calculations impacted by the CAMT for some entities.

14. If a reporting entity is an applicable corporation and has determined a reasonable estimate, it shall be disclosed. If a reporting entity is an applicable corporation and cannot determine a reasonable estimate, the reporting entity shall disclose that they expect to be an applicable corporation but have not determined a reasonable estimate.

15. Because reasonable estimates of calculations impacted by the CAMT might not be determinable, reporting entities shall only disclose impacts related to CAMT for third quarter 2023 financial statements for which reasonable estimates are possible. If the reporting entity is an applicable corporation, they shall make the following disclosures regarding the CAMT and the Act:

a. A statement regarding whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined if it expects to be liable for CAMT in 2023. For example:

i. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it does not expect to be liable for CAMT in 2023.

ii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has not determined as of the reporting date if it will be liable for CAMT in 2023. The third quarter 2023 financial statements do not include an estimated impact of the CAMT because a reasonable estimate cannot be made.

iii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it expects to be liable for CAMT in 2023. The third quarter 2023 financial statements shall disclose the estimated impact of the CAMT.

Response: Issue 2 – Consideration of Subsequent Events for Third Quarter 2023 Financial Statements

16. For third quarter 2023 reporting, CAMT updated estimates or other calculations affected by the Act determined subsequent to third quarter statutory financial statement or filing date shall not be recognized as Type I subsequent events. Meaning, third quarter financial statements are not required to reflect updated estimates subsequent to the third quarter reporting date and prior to the filing of the third quarter financial statements. With the disclosure required under Issue 1, additional subsequent event disclosure (such as what would be required for Type II event) is not required.

17. Reporting entities shall be working in good faith to complete the accounting for the changes adopted under the Act.

3. Ref #2023-04, ***INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax (effective year end 2023 reporting and thereafter)***

Disclosures

39. The reporting entity shall disclose whether it is a nonapplicable reporting entity; an applicable reporting entity with tax allocation agreement exclusions or an applicable reporting entity.

40. Additionally, the following disclosures shall be made in the notes to the financial statements of applicable reporting entities (which do not have tax allocation agreement exclusions in accordance with paragraph 11 of this interpretation):

a. If the reporting entity has made an accounting policy election to either consider or disregard CAMT when evaluating the need for a valuation allowance for its non-CAMT DTAs described in paragraph 22 of this interpretation.

b. Any disclosure of material modifications to the methodology used to project CAMT as required by paragraph 35 of this interpretation.

41. Relevant disclosures required by SSAP No. 101 also apply including but not limited to, the following:

a. The disclosure of the statutory valuation allowance as required by SSAP No. 101, paragraph 21.

b. The disclosure of tax planning strategies is required by SSAP No. 101. In the disclosure required by SSAP No. 101, paragraph 28.b., a statement as to whether the reporting entity may be charged with a portion of CAMT incurred by the consolidated group (or credited with a portion of the consolidated group's CAMT credit utilization).

c. Inclusion of CAMT credit DTAs, if any, in the disclosure required by SSAP No. 101, paragraph 26.a. regarding the origination dates and expiration of tax credit carry forwards.

d. The impact of CAMT -planning strategies, if any, in the disclosure required by SSAP No. 101, paragraph 22.f.

4. Ref #2023-12: Residuals in SSAP No. 48 Investments

Schedule BA Annual Statement Instructions:

Residual Tranches or Interests with Underlying Assets Having Characteristics of:
Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn't be any bifurcation of the underlying assets among the subcategories.
Include:

Residual tranches or interests ~~captures~~ from securitization tranches and beneficial interests as well as other structures captured in scope of *SSAP No. 43R – Loan-Backed and Structured Securities*. , g

Investments in joint ventures, partnerships and limited liability companies captured in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* that represent residual interests, or that predominantly hold residual interests.

This category shall also include residual interests or residual security tranches within investment structures that are not captured in scope of SSAP No. 43R or SSAP No. 48 but that reflect, in substance, residual interests or residual security tranches.

5. Ref #2023-21 Removal of Transition guidance from SSAP No. 92 and SSAP No. 102

This agenda item removed transition guidance from *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions* to remove the transition guidance that was included in initial adoption of SSAP No. 92 and SSAP No. 102, as it is past the ten-year effective period for that transition.

Remove (see instructions as illustrated below) Note 12(A)18

Blanks (E) Working Group
Editorial Revisions to the Blanks and Instructions
(presented at the November 7, 2023, Meeting)

Statement Type:
H = Health; **L/F** = Life/Fraternal Combined; **P/C** = Property/Casualty; **SA** = Separate Accounts; **T** = Title

Effective	Table Name	Description	Statement Type	Filing Type
2023	Summary of Operations	**CHANGE TO BLANK** Update the crosscheck reference for Line 12 – Annuity Benefits 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 5 minus Analysis of Operations Summary, line 18, column 1)	L/F	Annual
2023	Life - Health Supplement Analysis of Operations by Lines of Business	**CHANGE TO INSTRUCTION** Update the crosscheck for Line 24 to exclude Net Investment Income and IMR because the Health Supplement should be similar to the Health Blank. Line 24 – Net Underwriting Gain or (Loss) Column 1 minus Column 14 should equal Analysis of Operations by Lines of Business – Summary Column 6, Line 29 minus Line 3 minus Line 4	L/F	Annual
2023	Market Conduct Annual Statement (MCAS) Premium Exhibit for Year	**CHANGE TO INSTRUCTION** Clarify 2023 instructions to not include Fraternal companies for the 2023 statement. **<u>MARKET CONDUCT ANNUAL STATEMENT (MCAS) PREMIUM EXHIBIT FOR YEAR</u>** *** For 2023, Fraternal Benefit Societies should update all fields with “No” as they are not required to file an MCAS*** This exhibit is required to be filed no later than March 1.	H, L/F, P/C	Annual
2023	Liabilities, Surplus and Other Funds	**CHANGE TO BLANK** Reverse Line 4 crosschecks to Exhibit 8, Part 1 to account for all columns. 4. Contract claims: 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less Col. 6)	L/F	Annual

Effective	Table Name	Description	Statement Type	Filing Type
		4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, Col. 6)		
2023	Notes to Financial Statements	**CHANGE TO INSTRUCTION** Clarify how amounts should be reported on Note 12A(1) and 12A(2) <u>Instruction:</u> A. Defined Benefit Plan Disclose the following regarding a reporting entity sponsoring a Defined Benefit Plan for which the reporting entity is directly liable (i.e., the plan resided directly in the reporting entity): (1) A reconciliation of beginning and ending balances of the benefit obligation for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information. NOTE: For amounts that increase the benefit obligation report as a positive number and for amounts that decrease the benefit obligation report as a negative number, with a total summation at the ending balance. • 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	H, L/F, P/C, T	Annual

<table>
<tr><th>Effective</th><th>Table Name</th><th>Description</th><th>Statement Type</th><th>Filing Type</th></tr>
<tr><td></td><td></td><td>(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.

NOTE: For amounts that increase the benefit obligation report as a positive number and for amounts that decrease the benefit obligation report as a negative number, with a total summation at the ending balance.</td><td></td><td></td></tr>
<tr><td>2023</td><td>Notes to Financial Statements</td><td>CHANGE TO INSTRUCTION

Clarify that percentages must equal 100%

Instruction:
R. The financial statements shall disclose the reporting entity's share of the cash pool by asset type (cash, cash equivalents, or short-term investments).

This note shall only be completed in the event the reporting entity has a reported balance in a qualified cash pool (Line 8409999999 in Schedule E, Part 2). As an example, if a reporting entity has a $1M cash balance in a qualified cash pool, and the cash pool report indicated their $1M position represented $700K in cash, $200k in cash equivalents and $100k in short-term investments, the disclosure would indicate cash at 70%, cash equivalents at 20% and short-term investments at 10%. The summation of investment makeup percentages must equal 100%.

Illustration:
R. Reporting Entity's Share of Cash Pool by Asset type.

<u>Asset Type</u> <u>Percent Share</u>
(1) Cash .... %
(2) Cash Equivalents .... %
(3) Short-Term Investments ________ %
(4) Total (Must equal 100%) ________ %</td><td>H, L/F, P/C, T</td><td>Annual</td></tr>
<tr><td>2023</td><td>State Page</td><td>CHANGE TO INSTRUCTION</td><td>L/F</td><td>Annual</td></tr>
</table>

Effective	Table Name	Description	Statement Type	Filing Type
		Add clarifying language to column 21. Column 21 – Total Settled During Current Year - Amount (Col 15+17+19) Total Settled should be for claims that are paid in full.		
2024	General Instructions Page	**CHANGE TO INSTRUCTION** Add language to paragraph 19 (E) to be consistent with SSAP No. 3 19. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement must be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following: E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus, but that materially affect historical information in the financial statement schedules (e.g., Underwriting and Investment Exhibit – Part 2A) are reflected in the current year's schedules with appropriate notations made directly to the affected schedules and in the Notes to Financial Statements.	H	Annual
2024	General Instructions Page	**CHANGE TO INSTRUCTION** Add language to paragraph 19 (E) to be consistent with SSAP No. 3 19. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement shall be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following: E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus but that materially affect historical information in the financial statement supplemental schedules (e.g., Schedule O) should be reflected in the current years' schedules with appropriate notations made directly to the affected schedules and in the Notes to Financial Statements.	L/F	Annual
2024	General Instructions Page	**CHANGE TO INSTRUCTION**	P/C	Annual

Effective	Table Name	Description	Statement Type	Filing Type
		Add language to paragraph 19 (E) to be consistent with SSAP No. 3 19. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement must be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following: E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus but that materially affect historical information in the financial statement supplemental schedules (e.g., Schedule P) shall be reflected in the current year's schedules with appropriate notations made directly to the affected schedules and in the Notes to Financial Statements.		
2024	General Instructions Page	**CHANGE TO INSTRUCTION** Add language to paragraph 17 (E) to be consistent with SSAP No. 3 17. Except in situations where a merger has occurred, amounts reported for assets, liabilities, surplus, revenues, and expenses for prior years in the current year's annual statement must be identical to the amounts that were reported in the annual statement of the prior year. However, amounts reported in prior years may need to be adjusted in the current year as a result of the following: E. Changes that do not affect assets, liabilities, revenues, expenses, or surplus but that materially affect historical information in the financial statement supplemental schedules (e.g., Schedule P) shall be reflected in the current year's schedules with appropriate notations made directly to the affected schedules and in the Notes to Financial Statements.	T	Annual
2024	Schedule P, Part 7A & 7B	**CHANGE TO BLANK** Add a line to Schedule P, Part 7A & 7B for Pet Insurance (Pet Insurance was split out from Inland Marine with Blanks Proposal 2023-01BWG) 1. Homeowners/Farmowners 2. Private Passenger Auto Liability/Medical 3. Commercial Auto/Truck Liability/Medical 4. Workers' Compensation 5. Commercial Multiple Peril 6. Medical Professional Liability—Occurrence 7. Medical Professional Liability—Claims-made	P/C	Annual

Effective	Table Name	Description	Statement Type	Filing Type
		8. Special Liability 9. Other Liability—Occurrence 10. Other Liabilities—Claims-made 11. Special Property 12. Auto Physical Damage 13. Fidelity/ Surety 14. Other 15. International 16. Reinsurance-Nonproportional Assumed Property 17. Reinsurance-Nonproportional Assumed Liability 18. Reinsurance-Nonproportional Assumed Financial Lines 19. Products Liability—Occurrence 20. Products Liability—Claims-made 21. Financial Guaranty/Mortgage Guaranty 22. Warranty 23. Pet Insurance Plans 24. Totals		
2023	Notes to Financial Statements	**CHANGE TO INSTRUCTIONS** Update Note 20C to be consistent with SSAP 100R. **20. Fair Value Measurements** 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	H, L/F, P/C, T	Annual

Effective	Table Name	Description	Statement Type	Filing Type
		defined in *SSAP No. 12—Employee Stock Ownership Plans*, *SSAP No. 104R—Share-Based Payments*, *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*. • Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. • Insurance contracts, other than financial guarantees and deposit-type contracts • Lease contracts as defined in *SSAP No. 22R—Leases*. • Warranty obligations and rights. • Investments accounted for under the equity method. • Equity instruments issued by the entity. • Deposit liabilities with no defined or contractual maturities.		

https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2023-3 fall/summary and minutes/bwg/att two-f_blanks editorial changes nov2023.docx

HEALTH ENTITIES

COMPANY NAME: ______________________________ **NAIC Company Code:** ______________

Contact: ______________________________ **Telephone:** ______________

REQUIRED FILINGS IN THE STATE OF: ______________ **Filings Made During the Year 2024**

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
		I. NAIC FINANCIAL STATEMENTS						
	1	Annual Statement (8 ½"X14")		EO		3/1	NAIC	
	1.1	Printed Investment Schedule detail (Pages E01-E29)		EO	xxx	3/1	NAIC	
	2	Quarterly Financial Statement (8 ½" x 14")		EO		5/15, 8/15, 11/15	NAIC	
		II. NAIC SUPPLEMENTS						
	11	Accident & Health Policy Experience Exhibit		EO		4/1	NAIC	
	12	Actuarial Opinion		EO		3/1	Company	
	13	Life Supplemental Data due March 1		EO		3/1	NAIC	
	14	Life Supplemental Data due April 1		EO		4/1	NAIC	
	15	Life Supp Statement non-guaranteed elements – Exh 5, Int. #3		EO		3/1	Company	
	16	Life Supp Statement on par/non-par policies – Exh 5 Int. 1&2		EO		3/1	Company	
	17	Life, Health & Annuity Guaranty Association Assessable Premium Exhibit, Parts 1 and 2		EO	xxx	4/1	NAIC	
	18	Long-Term Care Experience Reporting Forms		EO	xxx	4/1	NAIC	
	19	Management Discussion & Analysis		EO		4/1	Company	
	20	Market Conduct Annual Statement Premium Exhibit for Year		EO		3/1	NAIC	
	21	Medicare Part D Coverage Supplement		EO		3/1, 5/15, 8/15, 11/15	NAIC	
	22	Medicare Supplement Insurance Experience Exhibit		EO	xxx	3/1	NAIC	
	23	Risk-Based Capital Report		EO		3/1	NAIC	
	24	Schedule SIS		N/A	N/A	3/1	NAIC	
	25	Supplemental Compensation Exhibit		N/A	N/A	3/1	NAIC	
	26	Supplemental Health Care Exhibit (Parts 1 and 2)		EO		4/1	NAIC	
	27	Supplemental Investment Risk Interrogatories		EO		4/1	NAIC	
		III. ELECTRONIC FILING REQUIREMENTS						
	61	Annual Statement Electronic Filing	xxx	EO	xxx	3/1	NAIC	
	62	March .PDF Filing	xxx	EO	xxx	3/1	NAIC	
	63	Risk-Based Capital Electronic Filing	xxx	EO	N/A	3/1	NAIC	
	64	Risk-Based Capital .PDF Filing	xxx	EO	N/A	3/1	NAIC	
	65	Supplemental Electronic Filing	xxx	EO	xxx	4/1	NAIC	
	66	Supplemental .PDF Filing	xxx	EO	xxx	4/1	NAIC	
	67	Quarterly Statement Electronic Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	68	Quarterly .PDF Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	69	June .PDF Filing	xxx	EO	xxx	6/1	NAIC	
		IV. AUDIT/INTERNAL CONTROL RELATED REPORTS						
	81	Accountants Letter of Qualifications		EO	N/A	6/1	Company	
	82	Audited Financial Reports		EO		6/1	Company	
	83	Audited Financial Reports Exemption Affidavit		N/A	N/A		Company	
	84	Communication of Internal Control Related Matters Noted in Audit		EO	N/A	8/1	Company	
	85	Independent CPA (change)		N/A	N/A		Company	

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
	86	Management's Report of Internal Control Over Financial Reporting		N/A	N/A	8/1	Company	
	87	Notification of Adverse Financial Condition		N/A	N/A		Company	
	88	Relief from the five-year rotation requirement for lead audit partner		EO		3/1	Company	
	89	Relief from the one-year cooling off period for independent CPA		EO		3/1	Company	
	90	Relief from the Requirements for Audit Committees		EO		3/1	Company	
	91	Request for Exemption to File Management's Report of Internal Control Over Financial Reporting		N/A	N/A		Company	
		V. STATE REQUIRED FILINGS						
	101	Corporate Governance Annual Disclosure***		0			Company	
	102	Filings Checklist (with Column 1 completed)		0			State	
	103	Form B-Holding Company Registration Statement		0			Company	
	104	Form F-Enterprise Risk Report ****		0			Company	
	105	ORSA *****		0			Company	
	106	Premium Tax		0			State	
	107	State Filing Fees		0			State	
	108	Signed Jurat	xxx	0			NAIC	
	109	Group Capital Calculation **(File with lead state only)**		0				
	110							
	111							
	112							

***If XXX appears in this column, this state does not require this filing, if hard copy is filed with the state of domicile and if the data is filed electronically with the NAIC. If N/A appears in this column, the filing is required with the domiciliary state. EO (electronic only filing).**

****If Form Source is NAIC, the form should be obtained from the appropriate vendor.**

*****For those states that have adopted the NAIC Corporate Governance Annual Disclosure Model Act, an annual disclosure is required of all insurers or insurance groups by June 1. The Corporate Governance Annual Disclosure is a state filing only and should not be submitted by the company to the NAIC. Note however that this filing is intended to be submitted to the lead state if filed at the insurance group level. For more information on lead states, see the following NAIC URL:** http://www.naic.org/public_lead_state_report.htm.

******For those states that have adopted the NAIC updated Holding Company Model Act, a Form F filing is required annually by holding company groups. Consistent with the Form B filing requirements, the Form F is a state filing only and should not be submitted by the company to the NAIC. Note however that this filing is intended to be submitted to the lead state. For more information on lead states, see the following NAIC URL:** http://www.naic.org/public_lead_state_report.htm

*******For those states that have adopted the NAIC Risk Management and Own Risk and Solvency Assessment Model Act, a summary report is required annually by insurers and insurance groups above a specified premium threshold. The ORSA Summary Report is a state filing only and should not be submitted by the company to the NAIC. Note however that this filing is intended to be submitted to the lead state if filed at the insurance group level. For more information on lead states, see the following NAIC URL:** http://www.naic.org/public_lead_state_report.htm

		NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)	
	A	Required Filings Contact Person:	
	B	Mailing Address:	
	C	Mailing Address for Filing Fees:	
	D	Mailing Address for Premium Tax Payments:	
	E	Delivery Instructions:	
	F	Late Filings:	
	G	Original Signatures:	
	H	Signature/Notarization/Certification:	
	I	Amended Filings:	
	J	Exceptions from normal filings:	
	K	Bar Codes (State or NAIC):	
	L	Signed Jurat:	
	M	NONE Filings:	
	N	Filings new, discontinued or modified materially since last year:	

General Instructions
For Companies to Use Checklist

Please Note: **This state's instructions for companies to file with the NAIC are included in this Checklist. The NAIC will not be sending their own checklist this year.**

Electronic Filing is intended to be filing(s) submitted to the NAIC via the NAIC Internet Filing Site which eliminates the need for a company to submit diskettes or CD-ROM to the NAIC. Companies are not required to file hard copy filings with the NAIC.

Column (1) Checklist

Companies may use the checklist to submit to a state, if the state requests it. Companies should copy the checklist and place an "x" in this column when submitting information to the state.

Column (2) Line #

Line # refers to a standard filing number used for easy reference. This line number may change from year to year.

Column (3) Required Filings

Name of item or form to be filed.

The ***Annual Statement Electronic Filing*** includes the annual statement data and all supplements due March 1, per the *Annual Statement Instructions.* This includes all detail investment schedules and other supplements for which the *Annual Statement Instructions* exempt printed detail.

The ***March.PDF Filing*** is the .pdf file for annual statement data, detail for investment schedules and supplements due March 1.

The ***Risk-Based Capital Electronic Filing*** includes all risk-based capital data.

The ***Risk-Based Capital.PDF Filing*** is the .pdf file for risk-based capital data.

The ***Supplemental Electronic Filing*** includes all supplements due April 1, per the *Annual Statement Instructions.*

The ***Supplemental.PDF Filing*** is the .pdf file for all supplemental schedules and exhibits due April 1.

The ***Quarterly Electronic Filing*** includes the complete quarterly filing and the PDF files for all quarterly data.

The ***Quarterly.PDF Filing*** is the .pdf file for quarterly statement data.

The ***June.PDF Filing*** is the .pdf file for the Audited Financial Statements and Accountants Letter of Qualifications.

Column (4) Number of Copies

Indicates the number of copies that each foreign or domestic company is required to file for each type of form. The Blanks (EX) Task Force modified the 1999 *Annual Statement Instructions* to waive paper filings of certain NAIC supplements and certain investment schedule detail, if such investment schedule data is available to the states via the NAIC database. The checklists reflect this action taken by the Blanks (EX) Task Force. XXX appears in the "Number of Copies" "Foreign" column for the appropriate schedules and exhibits. **Some states have chosen to waive printed quarterly and annual statements from their foreign insurers and have chosen to rely upon the NAIC database for these filings. This waiver could include supplemental annual statement filings. The XXX in this column might signify that the state has waived the paper filing of the annual statement and all supplements.**

Column (5) Due Date

Indicates the date on which the company must file the form.

Column (6) Form Source

This column contains one of three words: “NAIC,” “State,” or “Company,” If this column contains “NAIC,” the company must obtain the forms from the appropriate vendor. If this column contains “State,” the state will provide the forms with the filing instructions (generally, on the state web site). If this column contains “Company,” the company, or its representative (e.g., its CPA firm), is expected to provide the form based upon the appropriate state instructions or the NAIC *Annual Statement Instructions*.

Column (7) Applicable Notes

This column contains references to the Notes to the Instructions that apply to each item listed on the checklist. The company should carefully read these notes before submitting a filing.

w:\qa\blanks\checklists\2020 filings made in 2021\1 hlthcklist_2020_filingsmade2021.docx

LIFE, ACCIDENT AND HEALTH/FRATERNAL INSURERS

COMPANY NAME:____**NAIC Company Code:**________________________

Contact:____**Telephone:** ______________________________

REQUIRED FILINGS IN THE STATE OF: ___________________________**Filings Made During the Year 2024**

FRATERNAL COMPANIES BEGIN FILING LIFE/FRATERNAL STATEMENT EFFECTIVE WITH FIRST QUARTER, 2019.

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic		Foreign	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
			State	NAIC	State			
		I. NAIC FINANCIAL STATEMENTS						
	1	Annual Statement (8 ½”x14”)		EO		3/1	NAIC	
	1.1	Printed Investment Schedule detail (Pages E01-E29)		EO	xxx	3/1	NAIC	
	2	Quarterly Financial Statement (8 ½” x 14”)		EO		5/15, 8/15, 11/15	NAIC	
	3	Separate Accounts Annual Statement (8 ½”x14”)		EO		3/1	NAIC	
		II. NAIC SUPPLEMENTS						
	11	Accident & Health Policy Experience Exhibit		EO		4/1	NAIC	
	12	Credit Insurance Experience Exhibit		EO	xxx	4/1	NAIC	
	13	Health Supplement		EO	xxx	3/1	NAIC	
	14	Life, Health & Annuity Guaranty Association Assessable Premium Exhibit, Parts 1 and 2		EO	xxx	4/1	NAIC	
	15	Long-term Care Experience Reporting Forms		EO	xxx	4/1	NAIC	
	16	Management Discussion & Analysis		EO		4/1	Company	
	17	Market Conduct Annual Statement Premium Exhibit for Year		EO		3/1	NAIC	
	18	Medicare Supplement Insurance Experience Exhibit		EO	xxx	3/1	NAIC	
	19	Medicare Part D Coverage Supplement		EO		3/1, 5/15, 8/15, 11/15	NAIC	
	20	Risk-Based Capital Report		EO		3/1	NAIC	
	21	Schedule SIS		N/A	N/A	3/1	NAIC	
	22	Supplemental Compensation Exhibit		N/A	N/A	3/1	NAIC	
	23	Supplemental Health Care Exhibit (Parts 1 and 2)		EO		4/1	NAIC	
	24	Supplemental Investment Risk Interrogatories		EO		4/1	NAIC	
	25	Supplemental Schedule O		EO	xxx	3/1	NAIC	
	26	Supplemental Term and Universal Life Insurance Reinsurance Exhibit		EO		4/1	NAIC	
	27	Trusteed Surplus Statement		EO	xxx	3/1, 5/15, 8/15, 11/15	NAIC	
	28	Variable Annuities Supplement		EO		4/1	NAIC	
	29	VM 20 Reserves Supplement		EO		3/1	NAIC	
	30	Workers’ Compensation Carve-Out Supplement		EO		3/1	NAIC	
		Actuarial Related Items						
	31	Actuarial Certification regarding use 2001 Preferred Class Table		EO		3/1	Company	
	32	Actuarial Certification Related Annuity Nonforfeiture Ongoing Compliance for Equity Indexed Annuities		EO		3/1	Company	
	33	Actuarial Memorandum Related to Universal Life with Secondary Guarantee Policies required by Actuarial Guideline XXXVIII 8D		N/A	xxx	4/30	Company	
	34	Actuarial Opinion		EO		3/1	Company	
	35	Actuarial Opinion on Separate Accounts Funding Guaranteed Minimum Benefit		EO		3/1	Company	
	36	Actuarial Opinion on Synthetic Guaranteed Investment Contracts		EO		3/1	Company	
	37	Actuarial Opinion on X-Factors		EO		3/1	Company	
	38	Actuarial Opinion required by Modified Guaranteed Annuity Model Regulation		EO		3/1	Company	
	39	Request for Life PBR Exemption (if applicable)		E/O		Commissioner 7/1 NAIC 8/15	Company	
	40	Executive Summary of the PBR Actuarial Report		N/A		4/1	Company	
	41	Life Summary of the PBR Actuarial Report		N/A		4/1	Company	
	42	Variable Annuities Summary of the PBR Actuarial Report		N/A		4/1	Company	

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
	43	PBR Actuarial Report (provide upon request)		N/A			Company	
	44	RAAIS required by *Valuation Manual*		N/A	xxx	4/1	Company	
	45	Reasonableness & Consistency of Assumptions Certification required by Actuarial Guideline XXXV		EO	xxx	3/1,5/15, 8/15, 11/15	Company	
	46	Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV		EO	xxx	3/1,5/15, 8/15, 11/15	Company	
	47	Reasonableness & Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value)		EO	xxx	3/1,5/15, 8/15, 11/15	Company	
	48	Reasonableness & Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value)		EO	xxx	3/1,5/15, 8/15, 11/15	Company	
	49	Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI		EO	xxx	3/1,5/15, 8/15, 11/15	Company	
	50	RBC Certification required under C-3 Phase I		EO		3/1	Company	
	51	RBC Certification required under C-3 Phase II		EO		3/1	Company	
	52	Statement on non-guaranteed elements - Exhibit 5 Int. #3		EO		3/1	Company	
	53	Statement on par/non-par policies – Exhibit 5 Int. 1&2		EO		3/1	Company	
		III. ELECTRONIC FILING REQUIREMENTS						
	61	Annual Statement Electronic Filing	xxx	EO	xxx	3/1	NAIC	
	62	March .PDF Filing	xxx	EO	xxx	3/1	NAIC	
	63	Risk-Based Capital Electronic Filing	xxx	EO	N/A	3/1	NAIC	
	64	Risk-Based Capital .PDF Filing	xxx	EO	N/A	3/1	NAIC	
	65	Separate Accounts Electronic Filing	xxx	EO	xxx	3/1	NAIC	
	66	Separate Accounts .PDF Filing	xxx	EO	xxx	3/1	NAIC	
	67	Supplemental Electronic Filing	xxx	EO	xxx	4/1	NAIC	
	68	Supplemental .PDF Filing	xxx	EO	xxx	4/1	NAIC	
	69	Quarterly Statement Electronic Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	70	Quarterly .PDF Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	71	June .PDF Filing	xxx	EO	xxx	6/1	NAIC	
		IV. AUDIT/INTERNAL CONTROL RELATED REPORTS						
	81	Accountants Letter of Qualifications		EO	N/A	6/1	Company	
	82	Audited Financial Reports		EO		6/1	Company	
	83	Audited Financial Reports Exemption Affidavit		N/A	N/A		Company	
	84	Communication of Internal Control Related Matters Noted in Audit		EO	N/A	8/1	Company	
	85	Independent CPA (change)		N/A	N/A		Company	
	86	Management's Report of Internal Control Over Financial Reporting		N/A	N/A	8/1	Company	
	87	Notification of Adverse Financial Condition		N/A	N/A		Company	
	88	Relief from the five-year rotation requirement for lead audit partner		EO		3/1	Company	
	89	Relief from the one-year cooling off period for independent CPA		EO		3/1	Company	
	90	Relief from the Requirements for Audit Committees		EO		3/1	Company	
	91	Request for Exemption to File Management's Report of Internal Control Over Financial Reporting		N/A	N/A		Company	
		V. STATE REQUIRED FILINGS						
	101	Corporate Governance Annual Disclosure***		0			Company	
	102	Filings Checklist (with Column 1 completed)		0			State	
	103	Form B-Holding Company Registration Statement		0			Company	
	104	Form F-Enterprise Risk Report ****		0			Company	
	105	ORSA*****		0			Company	
	106	Premium Tax		0			State	
	107	State Filing Fees		0			State	
	108	Signed Jurat	xxx	0			NAIC	
	109	Group Capital Calculation **(File with lead state only)**		0				

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	 NAIC	 Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
	110							
	111							
	112							
	113							

***If XXX appears in this column, this state does not require this filing, if hard copy is filed with the state of domicile and if the data is filed electronically with the NAIC. If N/A appears in this column, the filing is required with the domiciliary state. EO (electronic only filing).**

****If Form Source is NAIC, the form should be obtained from the appropriate vendor.**

*****For those states that have adopted the NAIC Corporate Governance Annual Disclosure Model Act, an annual disclosure is required of all insurers or insurance groups by June 1. The Corporate Governance Annual Disclosure is a state filing only and should <u>not</u> be submitted by the company to the NAIC. Note however that this filing is intended to be submitted to the lead state if filed at the insurance group level. For more information on lead states, see the following NAIC URL:** http://www.naic.org/public_lead_state_report.htm.

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		NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)	
	A	Required Filings Contact Person:	
	B	Mailing Address:	
	C	Mailing Address for Filing Fees:	
	D	Mailing Address for Premium Tax Payments:	
	E	Delivery Instructions:	
	F	Late Filings:	
	G	Original Signatures:	
	H	Signature/Notarization/Certification:	
	I	Amended Filings:	
	J	Exceptions from normal filings:	
	K	Bar Codes (State or NAIC):	
	L	Signed Jurat:	
	M	NONE Filings:	
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The ***Risk-Based Capital Electronic Filing*** includes all risk-based capital data.

The ***Risk-Based Capital.PDF Filing*** is the .pdf file for risk-based capital data.

The ***Separate Accounts Electronic Filing*** includes the separate accounts annual statement and investment schedule detail.

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The ***Supplemental Electronic Filing*** includes all supplements due April 1, per the *Annual Statement Instructions.*

The ***Supplement.PDF Filing*** is the .pdf file for all supplemental schedules and exhibits due April 1.

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The ***Quarterly.PDF Filing*** is the .pdf for quarterly statement data.

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w:\qa\blanks\checklists\2020 filings made in 2021\2 lifecklist_2020_filingsmade2021.docx

PROPERTY & CASUALTY INSURERS

COMPANY NAME: ______________________________ **NAIC Company Code:** ____________

Contact: ______________________________ **Telephone:** ____________

REQUIRED FILINGS IN THE STATE OF: ____________________ **Filings Made During the Year 2024**

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
		I. NAIC FINANCIAL STATEMENTS						
	1	Annual Statement (8 ½” x 14”)		EO		3/1	NAIC	
	1.1	Printed Investment Schedule detail (Pages E01-E29)		EO	xxx	3/1	NAIC	
	2	Quarterly Financial Statement (8 ½” x 14”)		EO		5/15, 8/15, 11/15	NAIC	
	3	Protected Cell Annual Statement		0	xxx	3/1	NAIC	
	4	Combined Annual Statement (8 ½” x 14”)		EO		5/1	NAIC	
		II. NAIC SUPPLEMENTS						
	11	Accident & Health Policy Experience Exhibit		EO		4/1	NAIC	
	12	Actuarial Opinion		EO		3/1	Company	
	13	Actuarial Opinion Summary		N/A		3/15	Company	
	14	Bail Bond Supplement		EO		3/1	NAIC	
	15	Combined Insurance Expense Exhibit		EO		5/1	NAIC	
	16	Credit Insurance Experience Exhibit		EO	xxx	4/1	NAIC	
	17	Cybersecurity and Identity Theft Insurance Coverage Supplement		EO		4/1	NAIC	
	18	Director and Officer Insurance Coverage Supplement		EO		3/1, 5/15, 8/15, 11/15	NAIC	
	19	Exhibit of Other Liabilities By Lines of Business as Reported on Line 17 of the Exhibit of Premiums and Losses		EO		3/1	NAIC	
	20	Financial Guaranty Insurance Exhibit		EO		3/1	NAIC	
	21	Insurance Expense Exhibit		EO	xxx	4/1	NAIC	
	22	Life, Health & Annuity Guaranty Association Assessable Premium Exhibit, Parts 1 and 2		EO	xxx	4/1	NAIC	
	23	Long-Term Care Experience Reporting Forms		EO	xxx	4/1	NAIC	
	24	Management Discussion & Analysis		EO		4/1	Company	
	25	Market Conduct Annual Statement Premium Exhibit for Year		EO		3/1		
	26	Medicare Part D Coverage Supplement		EO		3/1, 5/15, 8/15, 11/15	NAIC	
	27	Medicare Supplement Insurance Experience Exhibit		EO	xxx	3/1	NAIC	
	28	Mortgage Guaranty Insurance Exhibit		EO	xxx	4/1	NAIC	
	29	Premiums Attributed to Protected Cells Exhibit		EO		3/1	NAIC	
	30	Private Flood Insurance Supplement		EO		4/1	NAIC	
	31	Reinsurance Attestation Supplement		EO	xxx	3/1	Company	
	32	Exceptions to Reinsurance Attestation Supplement		N/A	xxx	3/1	Company	
	33	Reinsurance Summary Supplemental		EO	xxx	3/1	NAIC	
	34	Risk-Based Capital Report		EO		3/1	NAIC	
	35	Schedule SIS		N/A	N/A	3/1	NAIC	
	36	Supplement A to Schedule T		EO		3/1, 5/15, 8/15, 11/15	NAIC	
	37	Supplemental Compensation Exhibit		N/A	N/A	3/1	NAIC	
	38	Supplemental Health Care Exhibit (Parts 1 and 2)		EO		4/1	NAIC	
	39	Supplemental Investment Risk Interrogatories		EO		4/1	NAIC	
	40	Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution Contracts		EO		3/1	NAIC	
	41	Trusteed Surplus Statement		EO	xxx	3/1, 5/15, 8/15, 11/15	NAIC	
		III. ELECTRONIC FILING REQUIREMENTS						
	61	Annual Statement Electronic Filing	xxx	EO	xxx	3/1	NAIC	

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR THE ABOVE STATE	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE**	(7) APPLICABLE NOTES
	62	March .PDF Filing	xxx	EO	xxx	3/1	NAIC	
	63	Risk-Based Capital Electronic Filing	xxx	EO	N/A	3/1	NAIC	
	64	Risk-Based Capital .PDF Filing	xxx	EO	N/A	3/1	NAIC	
	65	Combined Annual Statement Electronic Filing	xxx	EO	xxx	5/1	NAIC	
	66	Combined Annual Statement .PDF Filing	xxx	EO	xxx	5/1	NAIC	
	67	Supplemental Electronic Filing	xxx	EO	xxx	4/1	NAIC	
	68	Supplemental .PDF Filing	xxx	EO	xxx	4/1	NAIC	
	69	Quarterly Statement Electronic Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	70	Quarterly .PDF Filing	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	
	71	June .PDF Filing	xxx	EO	xxx	6/1	NAIC	
		IV. AUDIT/INTERNAL CONTROL RELATED REPORTS						
	81	Accountants Letter of Qualifications		EO	N/A	6/1	Company	
	82	Audited Financial Reports		EO		6/1	Company	
	83	Audited Financial Reports Exemption Affidavit		N/A	N/A		Company	
	84	Communication of Internal Control Related Matters Noted in Audit		EO	N/A	8/1	Company	
	85	Independent CPA (change)		N/A	N/A		Company	
	86	Management's Report of Internal Control Over Financial Reporting		N/A	N/A	8/1	Company	
	87	Notification of Adverse Financial Condition		N/A	N/A		Company	
	88	Relief from the five-year rotation requirement for lead audit partner		EO		3/1	Company	
	89	Relief from the one-year cooling off period for independent CPA		EO		3/1	Company	
	90	Relief from the Requirements for Audit Committees		EO		3/1	Company	
	91	Request to File Consolidated Audited Annual Statements		N/A	N/A		Company	
	92	Request for Exemption to File Management's Report of Internal Control Over Financial Reporting		N/A	N/A		Company	
		V. STATE REQUIRED FILINGS* **						
	101	Corporate Governance Annual Disclosure***		0			Company	
	102	Filings Checklist (with Column 1 completed)		0			State	
	103	Form B-Holding Company Registration Statement		0			Company	
	104	Form F-Enterprise Risk Report ****		0			Company	
	105	ORSA *****		0			Company	
	106	Premium Tax		0			State	
	107	State Filing Fees		0			State	
	108	Signed Jurat	xxx	0			NAIC	
	109	Group Capital Calculation **(File with lead state only)**		0				
	110							
	111							

***If XXX appears in this column, this state does not require this filing, if hard copy is filed with the state of domicile and if the data is filed electronically with the NAIC. If N/A appears in this column, the filing is required with the domiciliary state. EO (electronic only filing).**

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	E	Delivery Instructions:	
	F	Late Filings:	
	G	Original Signatures:	
	H	Signature/Notarization/Certification:	
	I	Amended Filings:	
	J	Exceptions from normal filings:	
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The ***Quarterly Statement Electronic Filing*** includes the complete quarterly statement data.

The ***Quarterly Statement.PDF Filing*** is the .pdf file for quarterly statement data.

The ***Combined Annual Statement Electronic Filing*** includes the required pages of the combined annual statement and the combined Insurance Expense Exhibit.

The ***Combined Annual Statement.PDF Filing*** is the .pdf file for the Combined annual statement data and the combined Insurance Expense Exhibit.

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TITLE COMPANIES

COMPANY NAME: ______________________ **NAIC Company Code:**______________

Contact: ______________________**Telephone:** ______________________

REQUIRED FILINGS IN THE STATE OF: ________________ **Filings Made During the Year 2024**

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	1.1	Printed Investment Schedule detail (Pages E01-E29)		EO	xxx	3/1	NAIC	
	2	Quarterly Financial Statement (8 ½” x 14”)		EO		5/15, 8/15, 11/15	NAIC	
		II. NAIC SUPPLEMENTS						
	11	Actuarial Opinion		EO		3/1	Company	
	12	Investment Risk Interrogatories		EO		4/1	NAIC	
	13	Management Discussion & Analysis		EO		4/1	Company	
	14	Schedule SIS		N/A	N/A	3/1	NAIC	
	15	Supplemental Compensation Exhibit		N/A	N/A	3/1	NAIC	
	16	Supplemental Schedule of Business Written By Agency		N/A		4/1	NAIC	
		III. ELECTRONIC FILING REQUIREMENTS						
	61	Annual Statement Electronic Filing	xxx	EO	xxx	3/1	NAIC	
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	87	Notification of Adverse Financial Condition		N/A	N/A		Company	
	88	Request for Exemption to File		N/A	N/A		Company	
	89	Relief from the five-year rotation requirement for lead audit partner		EO		3/1	Company	
	90	Relief from the one-year cooling off period for independent CPA		EO		3/1	Company	
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	106	State Filing Fees		0			State	
	107	Signed Jurat	xxx	0			NAIC	
	108	Group Capital Calculation **(File with lead state only)**		0				
	109							

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