

2007 NAIC ANNUAL STATEMENT INSTRUCTIONS - TITLE

SEP 2007 REVISIONS

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SCHEDULE BA, PART 1

Revision:

Modify instruction for Column 14

Reason:

Clarify where statement factor can be found for surplus (and capital) notes

EDITOR'S NOTE:

The above changes are highlighted within the attached instructions that follow this page.

Recent Blanks Working Group Agenda Items (Exposure Drafts) may be viewed in detail at the following web site:

http://www.naic.org/committees_e_app_blanks.htm.

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Column 14 – Book/Adjusted Carrying Value Less Encumbrances

Report the balance at December 31, of the current year. It should contain the amounts included in Column 10 after any encumbrances have been subtracted. Include all changes in value during the year.

For surplus (and capital) notes, the statement factor provided by the Securities Valuation Office and published on the Schedule BA Surplus Note List on the Securities Valuation Office webpage. (See accounting requirements for surplus notes held in the *Accounting Practices and Procedures Manual*.)

Deduct: Any writedowns for a decline in the fair value of a long-term invested asset that is other than temporary.

Exclude: Valuation allowance.

Column 15 – Increase (Decrease) by Adjustment

Include: Depreciation on real estate and transportation equipment, etc., or capitalized items. Any writeup items, e.g., capitalized past due interest.

Any writedowns for a decline in the fair value of a long-term invested asset that is other than temporary. Note that while the amount of any impairment is included in this column, the amount is reported as a realized loss in the Summary of Operations (Life & Fraternal) or Statement of Income (P/C, Title & Health).

Exclude: Appreciation on real estate and transportation equipment, etc., amortization of premium and accrual of discount, if applicable. Additional investments made, or portions of investments repaid.

Accrued Interest.

Column 16 – Increase/(Decrease) by Foreign Exchange Adjustment

Include: Enter the unrealized foreign exchange gain or loss for the current year.

Column 17 – Investment Income

Include: The proportionate share of interest, dividend, and other investment income received during year on the investments reported in this schedule.

Exclude: Distributions of investment during year.

Column 18 – Commitment for Additional Investment

Include: Total amount of additional investment commitment, not yet invested, where the decision as to timing and whether or not to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership.

Column 19 – Percentage of Ownership

Include: The share which the company's current investment represents of the total outstanding amount of this investment. Applies only to such investments as hedge funds and limited partnerships.

Exclude: Commitment for additional investment.

SCHEDULE BA – PART 2

OTHER LONG-TERM INVESTED ASSETS SOLD, TRANSFERRED OR PAID IN FULL DURING THE YEAR

Column 1 – CUSIP Identification

This column must be completed by Life and Fraternal insurers that file Schedule BA investments with the Securities Valuation Office.

All CUSIP/PPN/CINS numbers entered in this column must conform to those as published by the Securities Valuation Office (SVO). CUSIP numbers for all purchased publicly issued securities are available from the broker's confirmation or the certificate and will be identical to those used by the SVO. For private placement securities, the NAIC has created a special number called a PPN to be assigned by the Standard and Poor's CUSIP Bureau. For foreign securities, use a CINS that is assigned by the Standard and Poor's CUSIP Bureau.

NAIC numbers for privately placed (unregistered) securities (PPNs) owned prior to December 31, 1988, were made available to all insurers by the SVO in a special publication in early 1989, and are published in the December 31, 1989, and all subsequent versions of the *Valuation of Securities*. Number assignments for privately issued securities purchased subsequent to December 31, 1988, will be made by a special NAIC facility at the Standard and Poor's CUSIP Bureau. Call the SVO for details. Such a number must be obtained and provided to the SVO before any privately issued security can be listed in the *Valuation of Securities*.

If no CUSIP number exists, the CUSIP field should be zero filled.

Column 2 – Name or Description

Show name of the asset, such as the name of a limited partnership. If not applicable, show description of the asset.

Column 3 – City

For real estate partnerships or joint ventures located in the U.S., list city. If the city is unknown, indicate the county. If the investment is outside the U.S., indicate city or province. For other BA asset types, use the city of incorporation. If no city of incorporation, use the city of administrative office.

Column 4 – State

For real estate partnerships or joint ventures located in the U.S, list the state using the postal two-character state code. If the investment is outside the U.S., indicate the country.

Column 5 – Name of Purchaser or Nature of Disposal

Provide the name of the entity or vendor to whom the investment was sold or describe how the investment was otherwise disposed of.

Column 6 – Date Originally Acquired

State the date the asset was originally acquired.

Column 7 – Book/Adjusted Carrying Value Less Encumbrances, Prior Year

Report the balance at December 31, of the prior year.

Deduct: Any writedowns for a decline in the fair value of a long-term invested asset that is other than temporary.

Exclude: Valuation allowance.