

2007 NAIC QUARTERLY STATEMENT INSTRUCTIONS - LIFE

DEC 2006 REVISIONS

PAGE 32:

CASH FLOW

Revision: Modify formula for Line 5 of the section entitled “Reconcile Unrealized Capital Gains (Losses)” and change line reference for Line 4 of the same section.

Reason: Line 4 should be subtracted in the formula for Line 5 and Line 4 should reference Line 2.

PAGE 38:

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

Revision: Change *Financial Condition Examiners Handbook* reference in General Interrogatory 17.2.

Reason: Currently the instructions reference Part 1 – General, Section IV H and should now reference Part 1 – General, Section IV J.

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.

Schedule A – Verification

- R4 Line 2. Increase (Decrease) by Adjustment + Line 6. Increase (Decrease) by Foreign Exchange Adjustment + change in valuation allowance (Line 9, current year-to-date – Line 9 previous year) _____
- R5 Line 3. Cost of Acquired + Line 4. Cost of Additions and Improvements (report on Line 13.4 of Cash Flow) _____
- R6 Line 5. Realized Gain (Loss) _____
- R7 Line 7. Amounts Received on Sale (report on Line 12.4 of Cash Flow) _____
- R8 Other amounts increases (decreases)-combine increases with Line R5 and decreases with Line R7 for reporting _____
- R9 Total of R4 + R5 + R6 – R7 + R8 _____
R3 – R9 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in R8) _____

Other Invested Assets

- O1 Change in net admitted asset value for Other Invested Assets (Page 2, Column 3, current statement date – previous year) _____
- O2 Change in assets nonadmitted for Other Invested Assets (Page 2, Column 2, current statement date – previous year) _____
- O3 Total of O1 + O2 _____

Schedule BA – Verification

- O4 Line 2.1 + Line 2.2. Cost of Acquisition (report on Line 13.5 of Cash Flow) _____
- O5 Line 3. Accrual of Discount _____
- O6 Line 4. Increase (Decrease) by Adjustment + Line 8. Increase (Decrease) by Foreign Exchange Adjustment + change in valuation allowance (line 10, current year-to-date – previous year) _____
- O7 Line 5. Realized Gain (Loss) _____
- O8 Line 6. Amount Paid on Account (report on Line 12.5 of Cash Flow) _____
- O9 Line 7. Amortization of Premium _____
- O10 Other amounts increases (decreases)-combine increases with Line O4 and decreases with Line O8 for reporting _____
- O11 Total of O4 + O5 + O6 + O7 – O8 – O9 + O10 _____
O3 – O11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in O10) _____

Contract Loans and Premium Notes

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

Aggregate Write-ins for Invested Assets

- W1 Change in net admitted asset value for Aggregate Write-ins for Invested Assets (Page 2, Column 3, current statement date – previous year) _____
- W2 Change in assets nonadmitted for Aggregate Write-ins for Invested Assets (Page 2, Column 2, current statement date – previous year) _____
- W3 Total of W1 + W2 _____

- W4 Increase (Decrease) by Adjustment _____
- W5 Net Increase (Decrease) in Amounts Paid and Received (report as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase) _____
- W6 Realized Gain (Loss) _____
- W7 Other amounts increases (decreases). combine increases and decrease with Line W5 for reporting _____
- W8 Total of W4 + W5 + W6 + W7 _____
W3 – W8 (If difference is not = 0. identify differences and add to amount(s) in the appropriate line(s) or in W7) _____

Receivable (Payable) for Securities

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

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

- 1 Change in IMR liability (Page 3, Line 9.4, current statement date – previous year) _____
- 2 Current period amounts transferred to IMR (primarily from Form for Calculating IMR, Line 2) _____
- 3 Current period amounts recognized in income (Summary of Operations (Page 4) Line 4) _____
- 4 Other amount increases (decreases) _____
- 5 Total of 2 – 3 + 4 _____
- 6 1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in Line 4) _____

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

- 1 Change in AVR liability (Page 3, Line 24.1, current statement date – previous year) _____
- 2 Current period amounts transferred to AVR (Page 4, Line 44) _____
- 3 Other amount increases (decreases) _____
- 4 Total of 2 + 3 _____
- 5 1 – 4 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in Line 3) _____

Reconcile Unrealized Capital Gains (Losses)

- 1 Capital and Surplus Account (Page 4) Line 38 (in part excluding tax) + 39 (in part excluding tax), current year-to-date _____
- 2 Increase (Decrease) by Adjustment from Investment Worksheet (Ref. # B5 + S5 + M6 + R4 + O6 + P4 + W4) _____
- 3 Increase (Decrease) on Cash, Cash Equivalents and Short-term Investments (report on Line 12.6 of Cash Flow) _____
- 4 Depreciation (included in Line 2 and reported on Line 2.6 of Cash from Operations Worksheet) _____
- 5 Total of 1 – 2 – 3 + 4 (amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) _____

Reconcile Realized Capital Gains (Losses)

- 1 Summary of Operations (Page 4) Line 34, current year-to-date before transfer to IMR and before taxes _____

GENERAL INTERROGATORIES

The General Interrogatories are required for the quarterly statement. Except as noted below, report information for the current quarter.

General Instructions

The General Interrogatories are divided into two parts. Part 1 is titled Common Interrogatories. Common Interrogatories are defined as interrogatories that are similar or identical across the Life and Health, Property and Casualty, Health, Fraternal and Title Blanks. The common interrogatories are further divided into three sections: General, Financial and Investment. Part 2 interrogatories are those interrogatories that pertain only to the individual blanks.

Sections

1. General is defined as those interrogatories that relate to the reporting entity framework.
2. Financial is defined as those interrogatories that relate to financial transactions of the reporting entity.
3. Investment is defined as those interrogatories that pertain to the solvency of the reporting entity.

Note: New Interrogatories are to be added to the section that relates to them.

Interrogatories:

- 6.1 The date of the financial examination that should be reported is for a financial examination conducted by a state regulatory authority. (It is not a CPA annual audit.) The financial examination is considered “being made” for a given calendar year as soon as a formal notice is received from the domiciliary state that it intends to conduct the examination.
- 7.1 If any action has occurred during the current period, or if the company has any outstanding suspensions or revocations from a prior period, the company should respond ‘YES’ to 7.1.
- 8.4 Enter ‘YES’ or ‘NO’ in Column 3 through 7.
9. The response to this interrogatory applies to the reporting entity’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.
- 9.31 Include the nature of any waiver, including any implicit waiver, from a provision of the code of ethics granted by the reporting entity, an affiliate that provides management services to the entity, or the entity’s ultimate parent to one of these specified officers, the name of the person to whom the waiver was granted and the date of the waiver.
- 10.1 Answer “YES” if there is an amount reported on the admitted assets column for Line 21 of the Assets page.
- 10.2 Report that portion of the amount of admitted assets reported on Line 21 of the Assets page that is due from parent.
- 15.2 The amount for the prior year-end (Column 1) and the current quarter (Column 2) should represent the book/adjusted carrying value of that particular investment. Column 1 should equal the amounts reported in the Five-Year Historical Data page from the prior year-end statement.
17. The question regarding whether items are held in accordance with the *Financial Condition Examiners Handbook* must be answered.
- 17.1 If the answer to 17 is ‘YES,’ then list all of the agreements in 17.1. If the answer is ‘NO’ but one or more of the agreements comply with the *Financial Condition Examiners Handbook*, then list the agreements that do comply in 17.1.

- | 17.2 If the answer to 17 is 'NO,' please list all agreements that do not comply with the *Financial Condition Examiners Handbook*. Provide a complete explanation of why each custodial agreement does not include the characteristics outlined in the *Financial Condition Examiners Handbook* (Part 1 General Section IV.1 Custodial or Safekeeping Agreements), available at the NAIC Website:

www.naic.org/documents/committees_e_examover_fehtg_Custodial_or_Safekeeping_Agreements.pdf

- | 17.3 This question, regarding changes in custodian, must be answered.
- | 17.4 If the answer to 17.3 is 'Yes,' list the change(s).
- | 17.5 The Central Registration Depository (CRD) number is a number issued by NASD to brokers, dealers or individuals when licensed, and can be verified against their database **www.nasdr.com**. These brokers, dealers or individuals are 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.