

2007 NAIC QUARTERLY STATEMENT INSTRUCTIONS - PROPERTY

DEC 2006 REVISIONS

PAGE 29:

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 34:

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.

- 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 decreases 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 less previous year) _____
- X2 Change in assets nonadmitted for Receivable for Securities (Page 2, Column 2, current statement date less 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, current statement date less previous year) _____
- 2 Current period amounts transferred to IMR (primarily from the Form for Calculating IMR, Line 2) _____
- 3 Current period amounts recognized in income (Statement of Income, Page 4) _____
- 4 Other amounts increases (decreases) _____
- 5 Total of 2 – 3 + 4 _____
1 – 5 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s)) _____

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

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

Reconcile Unrealized Capital Gains (Losses)

- 1 Capital and Surplus Account (Page 4) Line 24 (in part excluding taxes) + 25 (in part excluding taxes), 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 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 Statement of Income (Page 4) Line 10, current year-to-date before taxes _____
- 2 Realized Gain (Loss) from Investment Worksheet (Ref. # B6 + S6 + M7 + R6 + O7 + P6 + W6) _____
- 3 Gain (Loss) on Cash, Cash Equivalents and Short-term Investments (report on Line 12.6 of Cash Flow) _____
- 4 Total of 1 – 2 – 3 (amount should = 0, if not = 0 balance should be reported as cash from investments misc. on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease) _____

Cash from Financing Worksheet

Cash Provided (Applied)

Surplus Notes and Capital Notes

- 1.1 Change in Surplus Notes-Liabilities, Surplus (Page 3) Line 31, current statement date
less previous year _____
- 1.2 Change in Capital Notes-Liabilities (Page 3) Line 22, current statement date less
previous year _____
- 1.3 _____
- 1.4 Total of 1.1 + 1.2 + 1.3 (report of Line 16.1 of Cash Flow) _____

Capital and Paid in Surplus, Less Treasury Stock

- 2.1 Change in Capital-Liabilities, Surplus (Page 3) Line 28 + 29, current statement date
less previous year _____
- 2.2 Change in Paid in Surplus-Liabilities (Page 3) Line 32, current statement date less
previous year _____
- 2.3 Change in Treasury Stock-Liabilities, Surplus (Page 3) Line 34, current statement date less
previous year _____
- 2.4 Transfer from Unassigned Surplus to lines included in 2.1 or 2.2 _____
- 2.5 _____
- 2.6 Total of 2.1 + 2.2 – 2.3 – 2.4 + 2.5 (report on Line 16.2 of Cash Flow) _____

Borrowed Money

- 3.1 Change in Borrowed Money-Liabilities, Surplus (Page 3) Line 8, current statement date less
previous year _____
- 3.2 _____
- 3.3 Total of 3.1 + 3.2 (report on Line 16.3 of Cash Flow) _____

Net Deposits on Deposit-type Contracts and Other Liabilities (N/A for P/C)

- 4.1 Change in Deposit-type Contracts-Liabilities, Surplus (Page 3) current statement date less
previous year _____
- 4.2 _____
- 4.3 Total of 4.1 + 4.2 (report on Line 16.4 of Cash Flow) _____

Dividends to Stockholders

- 5.1 Dividends to Stockholders-Capital and Surplus Account (Page 4) Line 35 _____
- 5.2 Change in Dividends to Stockholders-Liabilities, Surplus (Page 3) Line 11.1,
current statement date less previous year _____
- 5.3 Total of 5.1 – 5.2 (report on Line 16.5 of Cash Flow) _____

Other Cash Provided (Applied)

- 6.1 Aggregate Write-ins for Gains (Losses) to Surplus-Capital and Surplus Account
(Page 4) Line 37, current year-to-date _____
- 6.2 Change in Misc. Liabilities-Liabilities, Surplus (Page 3) Line 13 + 14 + 15 + 18
+ 19 + 23 + 27 + 30 (for amounts not more appropriately included in other lines
of the Cash Flow), current statement date less previous year _____
- 6.3 Change in Misc. Assets-Assets (Page 2) Line 18 + 19 + 21 + 22 (in part for
amounts not included elsewhere) + 23 (in part for amounts not included in
Line 5.2 above), Column 1, current statement date less Line 18 + 19 + 21 + 22
(for amounts not included elsewhere) + 23 (in part for amounts not included
in Line 5.2 above), Column 1, previous year _____
- 6.4 Transfer from Unassigned Surplus to lines included in 6.2 _____
- 6.5 Depreciation (included on Line 7.4 from Operations Worksheet) _____
- 6.6 _____
- 6.7 Total of 6.1 + 6.2 – 6.3 – 6.4 + 6.5 + 6.6 (report on Line 16.6 of Cash Flow) _____

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 NAIC *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 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 NAIC *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.