

2007 NAIC QUARTERLY STATEMENT INSTRUCTIONS - LIFE

MAR 2007 REVISIONS

PAGE 54: **SCHEDULE S**
Revision: Add additional abbreviations to the instructions for Column 6
Reason: To be consistent with the intent of adopted Blanks Proposal 2005-31BWG

PAGE 72: **SCHEDULE BA PARTS 1 AND 2**
Revision: Adjust alignment of words “Mortgage Obligations”
Reason: Clarify this belongs under Fixed Income Instruments

PAGE 81: **SCHEDULE D PART 3**
Revision: Delete “that are still owned as of the end of the current reporting quarter” from first sentence
Reason: Clarify acquired & disposed of in current quarter also reported on schedule

PAGE 88: **SCHEDULE D PART 4**
Revision: Change the instruction for Column 9
Reason: Clarify reporting for Column 9

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 S – CEDED REINSURANCE

SHOWING ALL NEW REINSURERS – CURRENT YEAR TO DATE

Column 1 – NAIC Company Code

No NAIC Company Code is assigned to insurers domiciled outside of the U.S. or to pools or associations.

The NAIC Company Code field should be zero filled for those organizations.

Column 2 – Federal ID Number

The Federal Employer Identification Number (FEIN) must be reported for each U.S. domiciled insurer and U.S. branch of an alien insurer. The FEIN should not be reported as the “Federal ID Number” for other alien insurers even if the federal government has issued such a number.

Alien Insurer Identification Number (AIIN) –

In order to report transactions involving alien companies correctly, the appropriate Alien Insurer Identification Number (AIIN) must be included on Schedule S instead of the FEIN. The AIIN number is assigned by the NAIC and is listed in the *Listing of Companies*. If an alien company does not appear in that publication, an application for a number should be filed with the NAIC Financial Systems and Services Department, Company Demographics Analyst. The application must be submitted along with a copy of the license or other document issued by the company’s domiciliary regulator authorizing it to transact insurance or reinsurance business. Documents submitted in a language other than English must be accompanied by an English translation.

Once a number has been assigned, the applying company will be advised so that its Schedule S may be completed or corrected. Newly assigned numbers are incorporated in revised editions of the *Listing of Companies*, which are available semi-annually.

Pool and Association Numbers –

In order to report transactions involving pools or associations consisting of non-affiliated companies correctly, the company must include on Schedule S the appropriate Pool/Association Identification Number. These numbers are listed in the *Listing of Companies*. The NAIC number should be used instead of any FEIN, which may have been assigned. If a pool or association does not appear in that publication, the NAIC Financial Systems and Services Department, Company Demographics Analyst should be contacted. The NAIC will request a letter from the pool or association administrator listing the pool members and their participation in percentages, the type of business the organization writes and when it was formed.

Once a number has been assigned, the applying company will be advised so that its Schedule S may be completed or corrected. Newly assigned numbers are incorporated in revised editions of the *Listing of Companies*, which are available semi-annually.

| Column 4 – Name of Reinsurer

All companies should be listed in alphabetical order within the appropriate group or category designation. (Use only category designations required.)

<u>Group or Category</u>	<u>Line Number</u>
Life & Annuity – Affiliates	0100001 – 0199998
Life & Annuity – Non-Affiliates	0200001 – 0299998
Accident & Health – Affiliates	0300001 – 0399998
Accident & Health – Non-Affiliates	0400001 – 0499998

| Column 5 – Location

For each domestic reinsurer or U.S. branch listed, this column should be completed with the domiciliary jurisdiction – city and state. For alien reinsurers, this column should be completed with the country where the alien is domiciled.

Column 6 – Type of Reinsurance Ceded

Use the following abbreviations to identify the plan and type of reinsurance. For example, group coinsurance with funds withheld should be identified as COFW/G. (If there is more than one type of reinsurance in the same reinsurance company, show each type on a separate line.) The type should be entered in all capital letters, and ALL reinsurance types must be followed by /G (for Group) or /I (for Individual).

Abbreviations: Individual – I; Group – G; Catastrophe – CAT; Yearly renewable term – YRT; Coinsurance – CO; Modified coinsurance – MCO; Coinsurance with funds withheld – COFW; Modified coinsurance with funds withheld – MCOFW; Combination coinsurance/modified coinsurance – COMB; Combination coinsurance/modified coinsurance with funds withheld – COMBW, Disability benefits – DIS; Accidental death benefit – ADB; Annuity coinsurance – ACO; Annuity modified coinsurance – AMCO; Annuity coinsurance with funds withheld – ACOFW; Annuity modified coinsurance with funds withheld – AMCOFW; Annuity combination coinsurance/modified coinsurance – ACOMB; Annuity combination coinsurance/modified coinsurance with funds withheld – ACOMBW, Other reinsurance – OTH.

NOTE: The insurance type should be entered in all capital letters.

Column 7 – Is Insurer Authorized? (Yes or No)

The determination of the authorized or unauthorized status of an insurer or reinsurer shall be based on the status of that insurer or reinsurer in the reporting company's state of domicile.

State Low Income Housing Tax Credit – Affiliated	3499999
All Other Low Income Housing Tax Credit – Unaffiliated	3599999
All Other Low Income Housing Tax Credit – Affiliated	3699999
Any Other Class of Assets – Unaffiliated	3799999
Any Other Class of Assets – Affiliated	3899999
Subtotal – Unaffiliated	3999999
Subtotal – Affiliated	4099999
TOTALS	4199999

The following listing is intended to give examples of investments to be included in each category, however the list should not be considered all inclusive and it should not be implied that any invested asset currently being reported in Schedules A, B or D is to be reclassified to Schedule BA:

Oil and Gas Production

Include: Offshore oil and gas leases.

Transportation Equipment

Include: Aircraft owned under leveraged lease agreements.
Motor Vehicle Trust Certificates.

Mineral Rights

Include: Investments in extractive materials.
Timber Deeds.

Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument

Include: Fixed income instruments that are not corporate or governmental unit obligations (Schedule D) or secured by real property (Schedule B).

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of a bond or other fixed income instrument which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude:

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of a bond or other fixed income investment, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA investment (identified by CUSIP) fits in this category (as identified in the Valuation of Securities product). Until affirmed by the SVO, report these BA investments in the category for “Any Other Class of Assets.”

Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be:

Fixed Income Instruments

Include: Leveraged Buy-out Fund.

A fund investing in the “Z” strip of Collateralized Mortgage Obligations.

Mortgage Obligations.

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of fixed income instruments which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude:

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of fixed income instruments, but for which the Securities Valuation Office (SVO) has not affirmed that the specific BA investment (identified by CUSIP) fits in this subcategory. Until affirmed by the SVO, report these BA investments in the "Other" subcategory of this category.

Common Stocks

Include:

Venture Capital Funds.

Real Estate

Include:

Real estate development interest.

Other

Include:

Limited partnership interests in oil and gas production.

Forest product partnerships.

Investments within the Joint Venture and Partnership Interests category that do not qualify for inclusion in the "Fixed Income Instruments", "Common Stocks" or "Real Estate" subcategories.

For Life and Fraternal Insurers:

This includes investments believed by the insurer to have the underlying characteristics of "Fixed Income Instruments" but which do not qualify for Filing Exemption and have not been reviewed by the SVO, as well as those that have been reviewed by the SVO and were determined to have the underlying characteristics of "Other" instruments.

Surplus Debentures, etc.

Include:

That portion of any subordinated indebtedness, surplus debenture, surplus note, debenture note, premium income note, bond, or other contingent evidence of indebtedness that is reported on the surplus.

Collateral Loans

Include:

In the description column, the name of the actual borrower and state if the borrower is a parent, subsidiary, affiliate, officer or director. Also include the type of collateral held.

Non-collateral Loans

Include:

In the description column, the name of the actual borrower. For affiliated entities, state if the borrower is a parent, subsidiary, affiliate, officer or director. Refer to SSAP No. 20, Nonadmitted Assets and SSAP No. 25, Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties, for accounting guidance.

SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED BY THE COMPANY 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:

Purchases of securities not previously owned;

Subsequent purchases of investment issues already owned;

Acquisition of a new stock through a stock dividend (e.g., spin off); and

Any increases in the investments in SCA companies that adjust the cost basis (e.g., subsequent capital infusions [investments] in SCA companies valued using the equity method).

This schedule should NOT be used for stock splits to show increases in the number of shares; nor should it be used for stock dividends to show increases in the number of shares (unless the stock shares received as dividends are in a stock that is not already owned by the reporting entity – e.g., received in a spin off).

Bonds, preferred stocks and common stocks are to be grouped separately, showing a subtotal for each category.

Class One Bond Mutual Funds and Exchange Traded Funds, which are described in the *Annual Statement Instructions* to Schedule D, Part 1, are to be included in Industrial and Miscellaneous (Unaffiliated).

Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in States, Territories and Possessions, Political Subdivisions of States, Territories and Possessions, and 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).

If a reporting entity 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:

<u>Category</u>	<u>Line Number</u>
Bonds:	
U.S. Governments	0399999
All Other Governments	1099999
States, Territories and Possessions	1799999
Political Subdivisions of States	2499999
Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	3199999
Public Utilities (Unaffiliated)	3899999
Industrial and Miscellaneous (Unaffiliated)	4599999
Credit Tenant Loans	4699999
Parent, Subsidiaries, and Affiliates	5399999
Subtotals – Bonds – Part 3	6099997
Summary Item from Part 5 for Bonds (N/A to Quarterly)	6099998
Subtotals – Bonds	6099999

Preferred Stocks:	
Public Utilities (Unaffiliated)	6199999
Banks, Trust and Insurance Cos. (Unaffiliated)	6299999
Industrial and Miscellaneous (Unaffiliated)	6399999
Parent, Subsidiaries, and Affiliates	6499999
Subtotals – Preferred Stocks – Part 3	6599997
Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)	6599998
Subtotals – Preferred Stocks	6599999
Common Stocks:	
Public Utilities (Unaffiliated)	6699999
Banks, Trust and Insurance Cos. (Unaffiliated)	6799999
Industrial and Miscellaneous (Unaffiliated)	6899999
Parent, Subsidiaries, and Affiliates	6999999
Mutual Funds	7099999
Money Market Mutual Funds	7199999
Subtotals – Common Stocks – Part 3	7299997
Summary Item from Part 5 for Common Stocks (N/A to Quarterly)	7299998
Subtotals – Common Stocks	7299999
Subtotals – Preferred and Common Stocks	7399999
Totals	7499999

Credit tenant loans are first liens on real property where the rental payments are assigned to the lender that will amortize the loan over its term with no balloon payments. The loans are based primarily on the credit standing of the major tenant and not on the value of the mortgaged property.

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 bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. Exclude cash equivalents and short-term investments as described in SSAP No. 2, Cash, Drafts, and Short-term Investments with original maturities of three months or less.

A bond acquisition is recorded on the trade date, not the settlement date, except for the acquisition of private placement bonds that are recorded on the funding date.

Column 1 – CUSIP Identification

All CUSIP/PPN/CINS numbers entered in this column must conform to those as provided and 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*.

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stocks as listed in the *Valuation of Securities*.

For Class One Bond Mutual Funds and Exchange Traded Funds, enter complete name of the fund.

Preferred Stocks:	
Public Utilities (Unaffiliated)	6199999
Banks, Trust and Insurance Cos. (Unaffiliated)	6299999
Industrial and Miscellaneous (Unaffiliated)	6399999
Parent, Subsidiaries, and Affiliates	6499999
Subtotals – Preferred Stocks – Part 4	6599997
Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)	6599998
Subtotals – Preferred Stocks	6599999
Common Stocks:	
Public Utilities (Unaffiliated)	6699999
Banks, Trust and Insurance Cos. (Unaffiliated)	6799999
Industrial and Miscellaneous (Unaffiliated)	6899999
Parent, Subsidiaries, and Affiliates	6999999
Mutual Funds	7099999
Money Market Mutual Funds	7199999
Subtotals – Common Stocks – Part 4	7299997
Summary Item from Part 5 for Common Stocks (N/A to Quarterly)	7299998
Subtotals – Common Stocks	7299999
Subtotals – Preferred and Common Stocks	7399999
Totals	7499999

Credit tenant loans are first liens on real property where the rental payments are assigned to the lender that will amortize the loan over its term with no balloon payments. The loans are based primarily on the credit standing of the major tenant and not on the value of the mortgaged property.

A bond disposal is recorded on the trade date, not the settlement date.

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 bonds and certificates of deposit with maturity at time of acquisition in excess of one year are to be included. See SSAP No. 43, Loan-backed and Structured Securities, for additional guidance. Exclude cash equivalents as described in SSAP No. 2, Cash, Drafts, and Short-term Investments, with original maturities of three months or less.

Column 1 – CUSIP Identification

All CUSIP/PPN/CINS numbers entered in this column must conform to those as provided and 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*.

Column 2 – Description

Give a complete and accurate description of all bonds and preferred and common stock as listed in the *Valuation of Securities*, including location of all banks, trust and miscellaneous companies. If bonds are serial issues, give amounts maturing each year.

For Class One Bond Mutual Funds and Exchange Traded Funds, enter complete name of the fund.

- Column 3 – Foreign
- Insert D for foreign securities that are denominated in a foreign currency (excluding Canadian currency). Insert F for securities issued in a foreign country that are denominated in U.S. dollars. Enter C for securities denominated in Canadian currency. Insert U for Canadian securities issued in U.S. but denominated in Canadian currency. Insert “P” for Canadian securities issued in U.S. and denominated in U.S. dollars. Insert “T” for Canadian securities denominated in any other foreign currency. Insert “O” for US securities issued in U.S. but denominated in any foreign currency other than Canadian.
- Column 4 – 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.
- For Class One Bond Mutual Funds and Exchange Traded Funds, enter date of last disposal.
- Column 5 – Name of Purchaser
- If matured or called under redemption option, so state and give price at which called.
- Column 7 – Consideration
- Include: In the determination of this amount, the broker’s commission and incidental expenses of effecting delivery.
- Exclude: Accrued interest and dividends.
- For Class One Bond Mutual Funds and Exchange Traded Funds, enter price received at sale, usually the number of shares sold times the selling price per share.
- Column 8 – Par Value
- For single class and multi-class mortgage-backed/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 minimum guaranteed 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 Class One Bond Mutual Funds and Exchange Traded Funds, enter 0.
- Column 9 – Actual Cost
- This is the recorded cost of the investment purchased during or prior to the current reporting quarter and sold during the current reporting quarter. If purchase was recorded on prior year Annual Statement and sold during the current reporting quarter, the amount will come from the prior reporting year’s Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. However, it will need to be adjusted due to other than temporary impairments recognized [year-to-date](#).
- Include: Cost of acquiring the bond or stock, including broker’s commission and other related fees to the extent they do not exceed the fair market value at the date of acquisition.
- Exclude: Accrued interest and dividends.