

**2009 NAIC ANNUAL STATEMENT INSTRUCTIONS – HEALTH**

**JAN 2010 REVISIONS**

**PAGES 109 & 109.1:**

**NOTES TO FINANCIAL STATEMENT**

Revision:

Modify instructions for Note 5D

Reason:

Adoption of changes to SSAP No. 43R by AP&P on 12/21/2009

**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](http://www.naic.org/committees_e_app_blanks.htm).

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- (11) For each period for which results of operations are presented, the activity in the allowance for credit losses account, including:
  - a. The balance in the allowance for credit losses account at the beginning of each period;
  - b. Additions charged to operations;
  - c. Direct write-downs charged against the allowance;
  - d. Recoveries of amounts previously charged off; and
  - e. The balance in the allowance for credit losses account at the end of each period.
- (12) The policy for recognizing interest income on impaired loans, including the method for recording cash receipts.

B. Debt Restructuring

For restructured debt in which the company is a creditor, disclose the following:

- (1) The recorded investment in the loans for which impairment has been recognized in accordance with SSAP No. 36, Troubled Debt Restructuring.
- (2) The related realized capital loss.
- (3) The amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring.
- (4) The creditor's income recognition policy for interest income on an impaired loan.

C. Reverse Mortgages

For reverse mortgages, disclose the following:

- (1) A description of the reporting entity's accounting policies and methods, including the statistical methods and assumptions used in calculating the reserve;
- (2) General information regarding the reporting entity's commitment under the agreement;
- (3) The reserve amount that is netted against the asset; and
- (4) Investment income or loss recognized in the period as a result of the re-estimated cash flows.

D. Loan-Backed Securities

**NOTE: Due to the timing of the changes to this note for the 2009 Annual Instructions renumbering within the note was not done. This will be done for the 2010 Annual Instructions.**

For loan-backed securities, disclose the following:

- (2) Descriptions of sources used to determine prepayment assumptions.

(4) All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:

- a. intent to sell,
- b. inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or
- c. present value of cash flows expected to be collected is less than the amortized cost basis of the security.

(5) For each security with a recognized other-than-temporary impairment, currently held by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

- a. The amortized cost basis, prior to any current-period other-than-temporary impairment.
- b. The other-than-temporary impairment recognized in earnings as a realized loss.
- c. The fair value of the security.
- d. The amortized cost basis after the current-period other-than-temporary impairment.

(6) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

- a. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and
- b. The aggregate related fair value of securities with unrealized losses.

The disclosures in (a) and (b) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 27.

(7) Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.