

**2009 NAIC QUARTERLY STATEMENT INSTRUCTIONS – LIFE**

**MARCH 2009 REVISIONS**

**PAGE 76:**                               **SCHEDULE A PART 2**  
Revision:                               Modify first sentence of the instruction  
Reason:                                 Clarify instruction

**PAGE 81:**                               **SCHEDULE B PART 2**  
Revision:                               Modify first sentence of the instruction  
Reason:                                 Clarify instruction

**PAGE 91:**                               **SCHEDULE BA PART 2**  
Revision:                               Modify first sentence of the instruction  
Reason:                                 Clarify instruction

**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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- Line 10 – Book/Adjusted Carrying Value at end of Current Period  
Column 1 equals Schedule E, Part 2, Column 6, Total.
- Line 11 – Deduct Total Nonadmitted Amounts  
In Column 1, report the adjustment for nonadmitted amounts as of the end of the current period.  
Include:                   The amount of the portfolio that is in excess of any investment limitation.
- Line 12 – Statement Value at End of Current Period  
In Column 1, report the statement value of as of the end of the current period. This amount should tie to the Assets Page, Line 5, inset for cash equivalents.

**SCHEDULE A – PART 2**

**REAL ESTATE ACQUIRED AND ADDITIONS MADE DURING CURRENT QUARTER**

This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in **the current and** prior periods and their encumbrances. Report individually each property acquired or transferred from another category; e.g., joint ventures, Schedule BA. Property acquired and sold during the same quarter should be reported in both Part 2 and Part 3.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total. Exclude all leasehold improvements paid by the reporting entity from Schedule A, including Health Care leasehold improvements.

Refer to SSAP No. 40, Real Estate Investments, and SSAP No. 90, Accounting for the Impairment or Disposal of Real Estate Investments, for accounting guidance.

<u>Category</u>	<u>Line Number</u>
Acquired by purchase .....	0199999
Acquired by internal transfer .....	0299999
Totals .....	0399999

- Column 1 – Description of Property  

Show description of property; e.g., apartment complex, land, shopping center, warehouse, etc. State if occupied or leased by company, parent, subsidiary or affiliate.
- Column 2 – City  

For properties located in the U.S., list the city. If the city is unknown, indicate the county. If the property is located outside the U.S., indicate city or province.
- Column 3 – State  

For properties located in U.S., list the state using the postal two-character state code. If the property is located outside the U.S., indicate the country.
- Column 4 – Date Acquired  

For individual properties, state date property was acquired.
- Column 5 – Name of Vendor  

Provide the name of the entity from which the property was acquired. For internal transfers, indicate “internal transfer” in lieu of a vendor name.

## SCHEDULE B – PART 2

### MORTGAGE LOANS ACQUIRED DURING CURRENT QUARTER

Report individually all mortgage loans acquired or transferred from another category (e.g., joint ventures, Schedule BA) but also any increases or additions to mortgage loans acquired or transferred in the current and prior periods. Mortgages acquired and disposed during the same quarter should be reported in both Part 2 and Part 3. Include non-conventional mortgage loans (e.g., loans that can be increased to their maximum loan value without incurring the cost of writing a new mortgage). Also include mezzanine real estate loans. For accounting and admission guidance related to mezzanine real estate loans, refer to SSAP No. 83, Mezzanine Real Estate Loans. Collateralized Mortgage Obligations (multi-class residential mortgage-backed securities) should be included in Schedule D.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

For accounting guidance related to foreign currency transactions and translations, refer to SSAP No. 23, Foreign Currency Transactions and Translations.

Life and Fraternal entities should use the lines marked with an asterisk. Property, Health and Title entities may choose to use the lines marked with an asterisk. If Property, Health and Title insurers do not use the lines marked with an asterisk; Lines 0799999, 1599999, 2399999 and 3199999 must be used. All subtotal lines 0899999, 1699999, 2499999, 3299999 and the grand total line 3399999 apply to all entities.

#### Mortgages in Good Standing

Farm Mortgages*	0199999
Residential Mortgages—Insured or Guaranteed*	0299999
Residential Mortgages—All Other*	0399999
Commercial Mortgages—Insured or Guaranteed*	0499999
Commercial Mortgages—All Other*	0599999
Mezzanine Loans*	0699999
Mortgages in Good Standing Not Shown on Lines 0199999 through 0699999	0799999
Total Mortgages in Good Standing (sum of 0199999 – 0799999)	0899999

#### Restructured Mortgages

Farm Mortgages*	0999999
Residential Mortgages—Insured or Guaranteed*	1099999
Residential Mortgages—All Other*	1199999
Commercial Mortgages—Insured or Guaranteed*	1299999
Commercial Mortgages—All Other*	1399999
Mezzanine Loans*	1499999
Restructured Mortgages Not Shown on Lines 0999999 through 1499999	1599999
Total Restructured Mortgages (sum of 0999999 – 1599999)	1699999

#### Mortgages with Overdue Interest over 90 days, Not in Process of Foreclosure

Farm Mortgages*	1799999
Residential Mortgages—Insured or Guaranteed*	1899999
Residential Mortgages—All Other*	1999999
Commercial Mortgages—Insured or Guaranteed*	2099999
Commercial Mortgages—All Other*	2199999
Mezzanine Loans*	2299999
Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure Not Shown on Lines 1799999 through 2299999	2399999
Total Mortgages with Overdue Interest Over 90 Days, Not in the Process of Foreclosure (sum of 1799999 – 2399999)	2499999

#### Mortgages in the Process of Foreclosure

Farm Mortgages*	2599999
Residential Mortgages—Insured or Guaranteed*	2699999
Residential Mortgages—All Other*	2799999
Commercial Mortgages—Insured or Guaranteed*	2899999
Commercial Mortgages—All Other*	2999999
Mezzanine Loans*	3099999
Mortgages in the Process of Foreclosure Not Shown on Lines 2599999 through 3099999	3199999
Total Mortgages in the Process of Foreclosure (sum of 2599999 – 3199999)	3299999

Total Mortgages (sum of 0899999, 1699999, 2499999 and 3299999) ..... 3399999

### Mortgages in good standing:

This section applies to loans on which all the original basic terms of the loan are being met by the borrowers. It also includes loans on which all the basic terms of refinancing agreements at current market terms are being met by the borrowers. Insured or guaranteed loans are considered to be only those loans insured or guaranteed by the Federal Housing Administration, the National Housing Act of Canada or by the Veterans Administration. For loans subject to a participation agreement, include only the reporting entity's share of book value/recorded investment excluding accrued interest.

### Mortgages with restructured terms:

Restructured loans include commercial mortgage loans on which the basic terms such as interest rate, maturity date, collateral or guaranty have been restructured in 1986 or later as a result of actual or anticipated delinquency. Include those loans whose basic terms are being met in accordance with the restructuring agreement. A maturing balloon mortgage that has been refinanced or extended at below current market terms should be classified as a restructured loan. (A maturing balloon mortgage that has been refinanced or extended at current market terms should be considered a performing loan.) Current market terms are loan terms where the borrower pays a current market interest rate consistent with the collateral, maturity date and other terms of the mortgage.

A mortgage loan will no longer be considered in this category when one or more of the following events occur:

The loan is paid in full or otherwise retired;

The loan becomes delinquent under the terms of the restructure agreement;

The loan is in the process of foreclosure;

The borrower has resumed the original contractual terms on the current loan balance including payments, interest rate and loan duration. The borrower must have also made cash payments of any interest or principal foregone during the restructure.

If none of the above are met, a loan will no longer be considered as restructured when all of the following conditions exist:

The loan to value ratio based upon the current appraisal cannot be greater than 80%. Additionally, the loan to value ratio cannot be greater than the state of domicile's limits for first mortgages. An independent appraiser must perform the current appraisal. The appraisal requirement does not apply to individual loans of \$1 million or 5% of capital and surplus. The aggregate of such exempted loans must not exceed 15% of total long-term mortgage holdings; AND

The coupon rate after restructuring is a current market rate. Such coupon rates should be consistent with the coupon rate on new commercial mortgages of comparable terms made by the reporting entity in the quarter in which the restructure date occurred; or

- a. On the restructure date, not be less than the quarterly average of new commercial mortgage loan rates of loans of comparable terms from the Survey of Mortgage Commitments of Commercial Properties by the American Council of Life Insurers, by more than ½ of a percentage point difference; or
- b. On the restructure date, not be less than the average coupon rate of new commercial mortgage loans of comparable terms from the benchmark commercial loan pricing matrix as established quarterly by the NAIC by more than ½ of a percentage point difference; and

The restructured mortgage loan performs according to the new terms for at least two years.

### Mortgages with overdue interest over 90 days not in the process of foreclosure:

Show individually mortgages upon which interest is overdue more than 90 days or upon which taxes or other liens are delinquent more than one year.

## SCHEDULE BA – PART 2

### OTHER LONG-TERM INVESTED ASSETS ACQUIRED DURING CURRENT QUARTER

This schedule should reflect not only those newly acquired long-term invested assets, but also any increases or additions to long-term invested assets acquired in **the current and** prior periods, including, for example, capital calls from existing limited partnerships.

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 have been 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 United States, 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 United States, 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 Vendor or General Partner

Provide the name of the entity from which the property was acquired, or the name of the General Partner of the fund. For internal transfers, indicate "internal transfer" in lieu of a vendor name.

Column 6 – NAIC Designation

This column must be completed by Life and Fraternal insurers only. All other insurers may ignore this column and its instructions.

For Schedule BA investments with the Underlying characteristics of a bond or a preferred stock instrument, insert the NAIC designation, valuation indicator or market indicator as printed in the NAIC *Valuation of Securities* or its *Supplement*.

Following is a matrix of the valid combinations of designations and suffixes for bonds.

1	2	3	4	5	6
				5*	6*
1FE	2FE	3FE	4FE	5FE	6FE

Following is a matrix of the valid combinations of designations and suffixes for preferred stock.

P1A	P2A	P3A	P4A	P5A	P6A
				P5*A	P6*A
P1L	P2L	P3L	P4L	P5L	P6L
				P5*L	P6*L
P1U	P2U	P3U	P4U	P5U	P6U
				P5*U	P6*U
P1V	P2V	P3V	P4V	P5V	P6V
				P5*V	P6*V
P1LFE	P2LFE	P3LFE	P4LFE	P5LFE	P6LFE
P1UFE	P2UFE	P3UFE	P4UFE	P5UFE	P6UFE
P1VFE	P2VFE	P3VFE	P4VFE	P5VFE	P6VFE
RP1A	RP2A	RP3A	RP4A	RP5A	RP6A
				RP5*A	RP6*A
RP1L	RP2L	RP3L	RP4L	RP5L	RP6L
				RP5*L	RP6*L
RP1U	RP2U	RP3U	RP4U	RP5U	RP6U
				RP5*U	RP6*U
RP1V	RP2V	RP3V	RP4V	RP5V	RP6V
				RP5*V	RP6*V
RP1LFE	RP2LFE	RP3LFE	RP4LFE	RP5LFE	RP6LFE
RP1UFE	RP2UFE	RP3UFE	RP4UFE	RP5UFE	RP6UFE
RP1VFE	RP2VFE	RP3VFE	RP4VFE	RP5VFE	RP6VFE

If the VOS datafile has a designation for a specific Schedule BA investment, that designation must be reported in this column. If the VOS datafile does not provide a designation and the investment qualifies for Filing Exemption, a “FE” must follow the designation reported in this column. For the meaning and applicability of suffixes and designations, please refer to the most recent version of the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* (Part 3).

The NAIC designation field should be zero filled for those Schedule BA investments with the underlying characteristics of a bond or a preferred stock instrument which have not been filed with the SVO and do not meet the requirements of Filing Exemption, as well for any other investments reported in the respective “Other” categories (non-fixed income-like BA investments).

Column 7 – Date Originally Acquired

State the date the investment was originally acquired.