

2009 NAIC ANNUAL STATEMENT INSTRUCTIONS – FRATERNAL

AUG 2009 REVISIONS

PAGE 168:

NOTES TO FINANCIAL STATEMENTS

Revision:

Modify Illustration Note 31G

Reason:

Mistakenly updated with illustration information from Note 11B

PAGE 277:

SUMMARY INVESTMENT SCHEDULE

Revision:

Modify instruction Line 1.22 removing reference to Student Loan Marketing Association

Reason:

In a list of securities that qualify for government in statutory accounting , elsewhere in the instructions.

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.

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Illustration:

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and other Liabilities Without Life or Disability Contingencies

	(1) Amount	(2) % of Total
A. Subject to discretionary withdrawal:		
(1) With fair value adjustment	\$ _____	_____ %
(2) At book value less current surrender charge of 5% or more	_____	_____
(3) At fair value	_____	_____
(4) Total with adjustment or at market value (Total of 1 through 3)	_____	_____
(5) At book value without adjustment (minimal or no charge or adjustment)	_____	_____
B. Not subject to discretionary withdrawal	_____	_____
C. Total (gross: direct + assumed)	_____	100%
D. Reinsurance ceded	_____	_____
E. Total (net)* (C) – (D)	\$ _____	_____

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

F. Life & Accident & Health Annual Statement:	<u>Amount</u>
1. Exhibit 5, Annuities Section, Total (net)	\$ _____
2. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	_____
3. Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	_____
4. Subtotal	_____
Separate Accounts Annual Statement:	
5. Exhibit 3, Line 0299999, Column 2	_____
6. Exhibit 3, Line 0399999, Column 2	_____
7. Policyholder dividend and coupon accumulations	_____
8. Policyholder premiums	_____
9. Guaranteed interest contracts	_____
10. Other contract deposit funds	_____
11. Subtotal	_____
12. Combined Total	\$ _____

G. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of _____. Through its membership, the Company has issued funding agreements to the FHLB _____ in exchange for cash advances in the amount of \$_____. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52 accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB _____ for use in general operations would be accounted for consistent with SSAP No. 15 as borrowed money. The table below indicates the amount of FHLB _____ stock purchased, collateral pledged, assets and liabilities related to the agreement with FHLB _____.

	(1) Current Year	(2) Prior Year
2. FHLB stock purchased/owned as part of the agreement	\$ _____	\$ _____
3. Collateral pledged to the FHLB	_____	_____
4. Funding capacity currently available	_____	_____
5. Total reserves related to funding agreement	_____	_____
6. Agreement assets and liabilities		
General Account: Assets	_____	_____
Liabilities	_____	_____
Separate Account: Assets	_____	_____
Liabilities	_____	_____

32. Premiums and Annuity Considerations Deferred and Uncollected

Instruction:

A. If the company has reported on Page 2, life insurance premiums and annuity considerations deferred and uncollected on policies in force December 31 of current year, show separately the amounts and the loading excluded for each of the following lines of business: industrial business, ordinary new business, ordinary renewal, credit life, group life, and group annuity.

Illustration:

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 20____, were as follows:

B.

<u>Type</u>	(1) <u>Gross</u>	(2) <u>Net of Loading</u>
(1) Industrial	\$ _____	\$ _____
(2) Ordinary new business	\$ _____	\$ _____
(3) Ordinary renewal	\$ _____	\$ _____
(4) Credit Life	\$ _____	\$ _____
(5) Group Life	\$ _____	\$ _____
(6) Group Annuity	\$ _____	\$ _____
(7) Totals	\$ _____	\$ _____

Line 1.22 – Issued by U.S. Government-sponsored Agencies

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. Government-sponsored agencies. For purposes of this schedule, U.S. Government-sponsored agencies are defined as agencies originally established or chartered by the U.S. Government to serve public purposes specified by the U.S. Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government. Include, among others, debt securities and mortgage-backed bonds (i.e., bonds that are collateralized by mortgages) of the following government-sponsored agencies:

Federal Agricultural Mortgage Corporation (Farmer Mac)

Federal Farm Credit Banks

Federal Home Loan Banks (FHLBs)

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)

Federal Land Banks (FLBs)

Federal National Mortgage Association (FNMA or Fannie Mae)

Financing Corporation (FICO)

Resolution Funding Corporation (REFCORP)

Tennessee Valley Authority (TVA)

U.S. Postal Service

Line 1.3 – Non-U.S. Government (Including Canada, Excluding Mortgage-Backed Securities)

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Foreign Governments (including Canadian obligations). All included are debt securities issued by foreign governmental units and debt securities issued by international organizations such as the International Bank for Reconstruction and Development (World Bank), Inter-American Development Bank, and Asian Development Bank.

Line 1.4 – Securities Issued by States, Territories and Possessions and Political Subdivisions in the U.S

Include: The value of all securities issued by states and political subdivisions in the United States.

Exclude: All mortgage-backed securities issued by state and local housing authorities in the U.S. Collateralized mortgage obligations (CMOs), real estate mortgage investments conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments) issued by state and local housing authorities in the U.S.

Line 1.41 – States, Territories and Possessions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by U.S. States and Territories. U.S. States and Territories, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.42 – Political Subdivisions of States, Territories and Possessions and Political Subdivisions General Obligations

Include: The value of all obligations (excluding mortgage-backed securities) that have been issued by Political Subdivisions of U.S. States, Territories and Political Subdivisions. Political Subdivisions of U.S. States, Territories and Possessions, for purposes of this schedule, include general obligations that are securities whose principal and interest will be paid from the general tax receipts of the Political Subdivision (the counties, municipalities, school districts, irrigation districts, and drainage and sewer districts of the NAIC members. NAIC members are composed of the 50 states, the District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Line 1.43 – Revenue and Assessment Obligations

Include: The value of all revenue and assessment obligations that are securities whose debt service is paid solely from the revenues of the projects financed by the securities rather than from general tax funds.

Line 1.44 – Industrial Development and Similar Obligations

Include: The value of all industrial development bonds (IDB) and similar obligations. IDBs and similar obligations are issued under the auspices of states or political subdivisions for the benefit of a private party or enterprise where that party or enterprise, rather than the government entity, is obligated to pay the principal and interest on the obligation.

Line 1.5 – Mortgage-backed Securities

Include: The value of all residential and commercial mortgage-backed securities, including mortgage pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), CMO and REMIC residuals, and stripped mortgage-backed securities (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

Exclude: Securities backed by loans extended under home equity lines, (i.e., revolving open-end lines of credit secured by 1-4 family residential properties).

Bonds issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) that are collateralized by mortgages, (i.e., mortgage-backed bonds, and mortgage-backed bonds issued by non-U.S. Government issuers).

Participation certificates issued by the Export-Import Bank and the General Services Administration.

Participation certificates issued by a Federal Intermediate Credit Bank.