

### Section 3. List of Fees for Services and Publications

**NOTE: FEES APPLY TO THOSE SECURITIES THAT ARE STILL REQUIRED TO BE FILED WITH THE SVO UNDER THE NEW PROVISIONAL FILING EXEMPTION RULES. APPLICABLE FEES ARE CHARGED TO THE FIRST FILER.**

#### Services Available From the Securities Valuation Office

1. Initial SAR filing, valuation and listing in *Valuation of Securities* publication where the issue is currently rated by an NAIC ARO:
  - Corporate and Municipal..... \$125
  - Structured Securities..... \$250
  
2. Initial SAR filing, valuation and listing in *Valuation of Securities* publication where the issue is not rated by an NAIC ARO but where another issue of that issuer has been rated by an NAIC ARO or assigned a Designation by the SVO ..... \$1,100
  
3. Initial SAR filing, valuation and listing in *Valuation of Securities* publication where the issue is not rated by an NAIC ARO and where no other issues of that issuer have been rated by an NAIC ARO or assigned a Designation by the SVO. This includes issues, which may enjoy some form of credit support from another credit that has been rated by an NAIC ARO:
  - Corporate and Municipal Securities..... \$2,600
  
4. Initial SAR filing, valuation and listing in *Valuation of Securities* publication where the issue is not rated by an NAIC ARO.
  - Structured Securities..... \$1,100
  
5. Credit Tenant Loans as defined in Part Seven, Section 4(a) of this Manual:
  - Bond Type Lease..... \$1,100
  - Credit Type Lease, and Acceptable CTL Variants (ACVs)..... \$2,000
  - Highly Structured Real Estate Transactions (maximum fee)..... \$5,000
  
6. Residential Mortgage-Backed Securities as defined in Part Seven, Section 4(b)(iii)(B)(1) of this Manual: .....\$1,100
  - Structured Securities fully guaranteed by an NAIC ARO rated entity as defined in Part Seven, Section 4(b)(iii)(B)(2).....\$125
  - Structured Securities fully backed by an NAIC ARO Rated Financial Assets as defined in Part Seven, Section 4(b)(iii)(3).....\$125
  - Structured Securities fully backed by financial assets fully insured by NAIC ARO Rated Issuers as defined in Part Seven, Section 4(b)(iii)(b)(4) .....\$125
  - Transactions never rated by an NAIC ARO as defined in Part Five, Section 4(c)(iii)(A)(3)(i) .....\$500
  - Transactions never rated by an NAIC ARO as defined in Part Five, Section 4(c)(iii)(A)(3)(ii)(iii)(iv) .....\$125
  
7. Initial SAR filing, valuation and listing in *Valuation of Securities* publication of a Replication (Synthetic Asset) Transaction..... \$1,100

8. Initial SAR filing, valuation and listing in *Valuation of Securities* publication of common stock..... \$125

9. Annual update filing, valuation and listing in *Valuation of Securities* publication where the issue is currently rated by an NAIC ARO ..... \$125\*

\* An analysis of an issuer's NAIC ARO status and financial status is only performed once and charged once.

\*A fee for subsequent, different issues of the same NAIC ARO rated issuer, will only be charged if the issuer's financial condition changes rapidly within a year, or

\* If an issue requires the annual review of a matter other than of the issuer's most recent financial status.

10. Annual update filing, valuation and listing in the *Valuation of Securities* publication where the issue is not rated by an NAIC ARO.

NAIC Designation.....\$850\*

\* An analysis of an issuer's NAIC ARO status and financial status is only performed once and charged once.

\*A fee for subsequent, different issues of the same NAIC ARO rated issuer, will be charged if the issuer's financial condition changes rapidly within a year, or

\* If an issue requires the annual review of a matter other than of the issuer's most recent financial status.

11. Annual update filing, valuation and listing in the *Valuation of Securities* publication where the issue is not rated by an NAIC ARO.

▪ Structured Securities.....\$850

12. Annual update filing, valuation and listing in *Valuation of Securities* publication of a Replication (Synthetic Asset) Transaction..... \$125

13. Annual update filing, valuation and listing in *Valuations of Securities* publication of common stock..... \$125

14. Regulatory Treatment Analysis Service:

- Assessment (includes credit, valuation and classification analysis of a single security:
- When the Applicant is an insurer .....\$10,000
- When the Applicant is not an insurer.....\$15,000
- Additional securities in same issuance .....\$1,500
- Expedited EIV Review Service .....\$2,500

- 15. Special Valuation Requests—Charged at the daily rate for Supervising Insurance Examiners as specified in the *NAIC Examiners Handbook* plus any expenses.
- 16. SUB-1 Filing for Subsidiary Controlled and Affiliated Company valuations..... \$500
- 17. SUB-2 Filing for Subsidiary Controlled and Affiliated Company valuations..... \$500
- 18. Bank Issuers of Letters of Credit:
  - New listing request ..... \$1,500
  - Annual Maintenance Fee for existing banks that insurers wish to retain on the list.....\$500
- 19. Mutual Fund Listing:
  - New listing requests ..... \$500
  - Annual Maintenance Fee for mutual funds currently on the list that insurers wish to have remain on the list .....\$250
- 20. Counterparty Ratings:
  - Original Filing ..... \$1,500
  - Annual Rating Maintenance Fee..... \$500
- 21. Broker-Dealer Listing:
  - New listing requests ..... \$1,500
  - Annual Maintenance Fee for existing broker-dealers that insurers wish to retain on the list..... \$500

## THE ANNUAL FEE ASSESSMENT

**1. Why is an assessment necessary?** The Valuation of Securities Task Force adopted two proposals that together exempt from filing with the SVO any security that is rated by a Nationally Recognized Statistical Rating Organization (NAIC ARO). The two proposals were effective on January 1, 2004. As a result of the implementation of the filing exemptions the SVO will experience a reduction in revenue. In order to preserve revenue neutrality, the Internal Administration (EX1) Subcommittee adopted the SVO Revenue Proposal, which includes a blend of a fee-for-service model as well as an annual assessment to recover lost revenues, to be effective January 1, 2004. (See EX1 September 13, 2003 minutes.)

**2. What companies will it apply to?** The assessment will be levied proportionately among all insurance companies based upon each company's holdings of non-U.S. government bonds and preferred stocks, provided these holdings exceed \$1 billion. A company's holdings for the year 2008 will be determined from the 2007 Annual Statement. Go to Column 1 of the Schedule D Summary by Country, then take Line 26 (bonds) - Line 1(US government bonds) + Line 40 (preferred stock). If the result is less than \$1 billion then no aggregate fee assessment is required. Based upon projections used in developing the revised funding proposal, 357 companies should expect to be subject to the 2007 assessment. *However, this is an estimate based upon 2006 data, as of June 30, 2008, and is subject to some change based on final 2007 data.*

**3. How will the assessment be calculated?** The aggregate assessment will be the difference between the 2008-budgeted revenue amount and the 2008 actual revenues from then non-NRSRO Securities filing fees (see above for these fees). When that difference is determined, companies with non-U.S. government bonds and preferred stocks in excess of \$1 billion will be billed based upon their proportional representation of the non-U.S. government bonds and preferred stocks for the qualifying pool of insurance companies.

Thus, a factor will be derived by taking the difference needed to get to the 2008 budgeted amount divided by the total holdings of non-U.S. government bonds and preferred stocks for the qualifying pool of insurance companies. That factor will then be applied to the individual company's non-U.S. government bonds & preferred stock (per the Annual Statement references above) and the company will be billed that amount.

Based upon projections used in developing the revised funding proposal, the factor has been estimated at .000000585834. *However, this is an estimate and is subject to change based upon the year-end 2007 holdings of non-U.S. government bonds and preferred stocks and actual revenues in 2008.* This factor could be adjusted at year-end 2008 and in the future to assure that the aggregate fee assessment produces the amount needed to achieve budgeted revenue.

This calculation is done on an individual company basis, not a group basis. The NAIC will determine the exact pro rata factor based upon year-end 2007 holdings of non-U.S. government bonds and preferred stocks and the difference between budgeted and actual 2008 revenues. This exact factor will be used to invoice the assessable companies 50% of amounts due in June 2008 and the balance after year-end 2008, as well as semi-annually in a similar fashion thereafter.

### **SVO Service Available From the NAIC Office in Kansas City (816) 842-3600**

Automated Valuation Service (AVS). The SVO makes available to subscribers of the *Valuations of Securities* a computer-based AVS designed to provide customized NAIC year-end valuation information approximately two days after the last business day of the year. This is approximately two weeks earlier than the normal mailing date for the *Valuations of Securities*. Call (816) 783-8702 for an information package and a list of fees.

### **Publications Available from the NAIC Publications Department (816) 783-8300**

1. *Valuations of Securities* CD-ROM  
List of more than 190,000 securities held by insurance companies with valuations to be used in those companies' annual statement, including government and municipal bonds plus corporate bonds and stocks:
  - Distributed quarterly
  - With subscription to AVS service (*see* Item 1 above)
2. *SVO Purposes and Procedures Manual*, updated each January and July:
  - Annual subscription
  - Annual subscription plus quarterly updates of Bank List and Mutual Funds List

3. Bank List/Mutual Fund List:
  - Annual subscription, updated monthly (both lists)
  - Annual subscription, updated quarterly (both lists) plus subscription to *Purposes & Procedures Manual* (see Item 2 above)
  
4. *How to Comply with the Procedures of the Securities Valuation Office:*  
Answers common questions about procedures for insurers to follow when filing with the
  - Securities Valuation Office