

**REVISIONS TO  
2023 NAIC ANNUAL STATEMENT INSTRUCTIONS – PROPERTY**

**NOV 2023**

- PAGE 212:**                    **Notes to Financial Statements**  
Revision:                    Update Note 20C  
Reason:                     Update to make Note 20C consistent with SSAP No. 100R
- PAGE 246:**                    **Notes to Financial Statements**  
Revision:                    Update the year references in Note 28A and 28B  
Reason:                     The dates in the illustration were not updated earlier in the year when preparing for publication.
- PAGE 256-258:**                **Notes to Financial Statements**  
Revision:                    Update the year references in Note 33A and 33D  
Reason:                     The dates in the illustration were not updated earlier in the year when preparing for publication.
- PAGE 263-264:**                **Notes to Financial Statements**  
Revision:                    Update the year references in Note 36A(1) and 36A(2)  
Reason:                     The dates in the illustration were not updated earlier in the year when preparing for publication.

**EDITOR’S NOTE:**

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail on the BWG web page at [https://content.naic.org/cmte\\_e\\_app\\_blanks.htm](https://content.naic.org/cmte_e_app_blanks.htm).

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- C. A reporting entity shall disclose in the notes to the financial statements, as of each date for which a statement of financial position is presented in the quarterly or annual financial statements, the aggregate fair value or NAV for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall. This disclosure shall be summarized by the type of financial instrument for which it is practicable to estimate fair value, except for certain financial instruments identified below.

The disclosures about fair value prescribed in the paragraph above are not required for the following: (Note; These exclusions are specific to Note 20C and do not impact the reporting of fair value that may be required in other SSAPs or statutory accounting schedules.)

- Employers' and plans' obligations for pension benefits, other postretirement benefits (see scope paragraph of *SSAP No. 92—Postretirement Benefits Other Than Pensions*), postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements, as defined in *SSAP No. 12—Employee Stock Ownership Plans*; *SSAP No. 104R—Share-Based Payments*; *SSAP No. 92—Postretirement Benefits Other Than Pensions*; and *SSAP No. 102—Pensions*.
- Substantively extinguished debt subject to the disclosure requirements of *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
- Insurance contracts, other than financial guarantees and deposit-type contracts
- Lease contracts as defined in *SSAP No. 22R—Leases*.
- Warranty obligations and rights.
- Investments accounted for under the equity method.
- Equity instruments issued by the entity.
- **Deposit liabilities with no defined or contractual maturities.**

Fair value disclosed in the notes shall be presented together with the related admitted values in a form that makes it clear whether the fair values and admitted values represent assets or liabilities and to which line items in the Statement of Assets, Liabilities, Surplus and Other Funds they relate. Unless specified otherwise in another SSAP, the disclosures may be made net of encumbrances, if the asset or liability is so reported. A reporting entity shall also disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments.

If it is not practicable for a reporting entity to estimate the fair value of the financial instrument or a class of financial instruments and the investment does not qualify for the NAV practical expedient, the aggregate carrying amount for those items shall be reported in the “not practicable” column with additional disclosure as required in paragraph 20D below.

- D. If it is not practicable for an entity to estimate the fair value of a financial instrument or a class of financial instruments, the following shall be disclosed:
- (1) Information pertinent to estimating the fair value of that financial instrument or class of financial instruments and the investment does not qualify for the NAV practical expedient, such as the carrying amount, effective interest rate and maturity; and
  - (2) The reasons why it is not practicable to estimate fair value.

Illustration:

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

A. Pharmaceutical Rebate Receivables

| Quarter    | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed or Otherwise Confirmed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received More Than 180 Days After Billing |
|------------|--|---|---|--|--|
| 12/31/2023 | \$ 150   | \$ 147  |   |  |  |
| 9/30/2023  | 130  | 133   | \$ 62   |  |  |
| 6/30/2023  | 142  | 143   | 70  | \$ 55  |  |
| 3/31/2023  | 157  | 152   | 65  | 42   | \$ 20  |
| 12/31/2022 | 125  | 132   | 70  | 27   | 20   |
| 9/30/2022  | 123  | 129   | 62  | 31   | 14   |
| 6/30/2022  | 112  | 120   | 54  | 20   | 16   |
| 3/31/2022  | 110  | 118   | 57  | 39   | 20   |
| 12/31/2021 | 68   | 75  | 34  | 20   | 10   |
| 9/30/2021  | 60   | 59  | 27  | 17   | 10   |
| 6/30/2021  | 57   | 60  | 31  | 15   | 10   |
| 3/31/2021  | 45   | 50  | 25  | 18   | 7  |

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B. Risk-Sharing Receivables

| Calendar Year | Evaluation Period Year Ending | Risk Sharing Receivable as Estimated in the Prior Year | Risk Sharing Receivable as Estimated in the Current Year | Risk Sharing Receivable Billed | Risk Sharing Receivable Not Yet Billed | Actual Risk Sharing Amounts Received in Year Billed | Actual Risk Sharing Amounts Received First Year Subsequent | Actual Risk Sharing Amounts Received Second Year Subsequent | Actual Risk Sharing Amounts Received All Other |
|---------------|-------------------------------|--|--|--------------------------------|--|---|--|---|--|
| 2023          | 2023                          | \$ 245   | \$ 237   | \$ 155                         | \$ 77                                  | \$ 0  |  |   |  |
|               | 2024                          | XXX  | \$ 189   | XXX                            | XXX                                    | XXX   | XXX  |   |  |
| 2022          | 2022                          | \$ 223   | \$ 225   | \$ 232                         | \$ 0                                   | \$ 0  | \$ 140   |   |  |
|               | 2023                          | XXX  | \$ 245   | XXX                            | XXX                                    | XXX   | XXX  | XXX   | XXX  |
| 2021          | 2021                          | \$ 190   | \$ 178   | \$ 174                         | \$ 0                                   | \$ 0  | \$ 125   | \$ 50   |  |
|               | 2022                          | XXX  | \$ 223   | XXX                            | XXX                                    | XXX   | XXX  | XXX   | XXX  |

- (2) Assumed Reinsurance Basis:
- a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): \$ \_\_\_\_\_
  - b. Incurred losses and loss adjustment expenses: \_\_\_\_\_
  - c. Calendar year payments for losses and loss adjustment expenses: \_\_\_\_\_
  - d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): \$ \_\_\_\_\_
- Note:  $d = a + b - c$

- (3) Net of Ceded Reinsurance Basis:
- a. Beginning reserves (incl. Case, Bulk + IBNR Loss & LAE): \$ \_\_\_\_\_
  - b. Incurred losses and loss adjustment expenses: \_\_\_\_\_
  - c. Calendar year payments for losses and loss adjustment expenses: \_\_\_\_\_
  - d. Ending reserves (incl. Case, Bulk + IBNR Loss & LAE): \$ \_\_\_\_\_
- Note:  $d = a + b - c$

E. State the amount of the ending reserves for Bulk + IBNR included in D (Loss & LAE):

- (1) Direct Basis: \$ \_\_\_\_\_
- (2) Assumed Reinsurance Basis: \$ \_\_\_\_\_
- (3) Net of Ceded Reinsurance Basis: \$ \_\_\_\_\_

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

- (1) Direct Basis: \$ \_\_\_\_\_
- (2) Assumed Reinsurance Basis: \$ \_\_\_\_\_
- (3) Net of Ceded Reinsurance Basis: \$ \_\_\_\_\_

Illustration:

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes ( X ) No ( )

Company XYZ's exposure to asbestos losses arises from the sale of general liability insurance.

Company XYZ tries to estimate the full impact of the asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

**THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES (1 THROUGH 3) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.**

|     |                            |   |                   |                   |                   |                   |                     |
|-----|----------------------------|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| (1) | Direct –                   |   | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       | <u>2023</u>         |
|     | a.                         | Beginning reserves:   | \$ <u>750,001</u> | \$ <u>562,501</u> | \$ <u>712,501</u> | \$ <u>525,001</u> | \$ <u>300,001</u>   |
|     | b.                         | Incurred losses and<br>loss adjustment expense:                       | \$ <u>187,500</u> | \$ <u>750,000</u> | \$ <u>750,000</u> | \$ <u>375,000</u> | \$ <u>2,250,000</u> |
|     | c.                         | Calendar year payments<br>for losses and loss<br>adjustment expenses: | \$ <u>375,000</u> | \$ <u>600,000</u> | \$ <u>937,500</u> | \$ <u>600,000</u> | \$ <u>150,000</u>   |
|     | d.                         | Ending reserves (a+b-c):  | \$ <u>562,501</u> | \$ <u>712,501</u> | \$ <u>525,001</u> | \$ <u>300,001</u> | \$ <u>2,400,001</u> |
| (2) | Assumed Reinsurance –      |   | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       | <u>2023</u>         |
|     | a.                         | Beginning reserves:   | \$ <u>250,000</u> | \$ <u>187,500</u> | \$ <u>237,500</u> | \$ <u>175,000</u> | \$ <u>100,000</u>   |
|     | b.                         | Incurred losses and<br>loss adjustment expense:                       | \$ <u>62,500</u>  | \$ <u>250,000</u> | \$ <u>250,000</u> | \$ <u>125,000</u> | \$ <u>750,000</u>   |
|     | c.                         | Calendar year payments<br>for losses and loss<br>adjustment expenses: | \$ <u>125,000</u> | \$ <u>200,000</u> | \$ <u>312,500</u> | \$ <u>200,000</u> | \$ <u>50,000</u>    |
|     | d.                         | Ending reserves (a+b-c):  | \$ <u>187,500</u> | \$ <u>237,500</u> | \$ <u>175,000</u> | \$ <u>100,000</u> | \$ <u>800,000</u>   |
| (3) | Net of Ceded Reinsurance – |   | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       | <u>2023</u>         |
|     | a.                         | Beginning reserves:   | \$ <u>400,000</u> | \$ <u>300,000</u> | \$ <u>380,000</u> | \$ <u>280,000</u> | \$ <u>160,000</u>   |
|     | b.                         | Incurred losses and loss<br>adjustment expense:                       | <u>100,000</u>    | <u>400,000</u>    | <u>400,000</u>    | <u>200,000</u>    | <u>3,000,000</u>    |
|     | c.                         | Calendar year payments<br>for losses and loss<br>adjustment expenses: | <u>200,000</u>    | <u>320,000</u>    | <u>500,000</u>    | <u>320,000</u>    | <u>80,000</u>       |
|     | d.                         | Ending reserves (a+b-c):  | \$ <u>300,000</u> | \$ <u>380,000</u> | \$ <u>280,000</u> | \$ <u>160,000</u> | \$ <u>3,080,000</u> |

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B. State the amount of the ending reserves for Bulk + IBNR included in A (Loss & LAE):

|     |                                 |                     |
|-----|---------------------------------|---------------------|
| (1) | Direct Basis:                   | \$ <u>1,000,000</u> |
| (2) | Assumed Reinsurance Basis:      | \$ <u>300,000</u>   |
| (3) | Net of Ceded Reinsurance Basis: | \$ <u>400,000</u>   |

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C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

|                                     |                   |
|-------------------------------------|-------------------|
| (1) Direct Basis:                   | \$ <u>500,000</u> |
| (2) Assumed Reinsurance Basis:      | \$ <u>200,000</u> |
| (3) Net of Ceded Reinsurance Basis: | \$ <u>200,000</u> |

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D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses?

Yes ( ) No (X)

(1) Direct –

|  | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| a. Beginning reserves:   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| b. Incurred losses and loss adjustment expense:                    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| c. Calendar year payments for losses and loss adjustment expenses: | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| d. Ending reserves(a+b-c):   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |

(2) Assumed Reinsurance –

|  | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| a. Beginning reserves:   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| b. Incurred losses and loss adjustment expense:                    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| c. Calendar year payments for losses and loss adjustment expenses: | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| d. Ending reserves(a+b-c):   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |

(3) Net of Ceded Reinsurance –

|  | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| a. Beginning reserves:   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| b. Incurred losses and loss adjustment expense:                    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| c. Calendar year payments for losses and loss adjustment expenses: | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    | <u>0</u>    |
| d. Ending reserves(a+b-c):   | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |

Illustration:

A.

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(1) Financial guarantee insurance contracts where premiums are received as installment payments over the period of the contract, rather than at inception:

b. Schedule of premiums (undiscounted) expected to be collected under all installment contracts:

1.

|                                  |          |
|----------------------------------|----------|
| (a) 1 <sup>st</sup> Quarter 2024 | \$ _____ |
| (b) 2 <sup>nd</sup> Quarter 2024 | _____    |
| (c) 3 <sup>rd</sup> Quarter 2024 | _____    |
| (d) 4 <sup>th</sup> Quarter 2024 | _____    |
| (e) Year 2025                    | _____    |
| (f) Year 2026                    | _____    |
| (g) Year 2027                    | _____    |
| (h) Year 2028                    | \$ _____ |

2.

|                       |          |
|-----------------------|----------|
| (a) 2029 through 2033 | \$ _____ |
| (b) 2034 through 2038 | _____    |
| (c) 2039 through 2043 | _____    |
| (d) Etc.              | \$ _____ |

(NOTE: Use as many five-year increments as needed, a through y)

c. Roll forward of the expected future premiums (undiscounted), including:

|  |          |
|--|----------|
| 1. Expected future premiums – Beginning of Year                        | \$ _____ |
| 2. Less – Premium payments received for existing installment contracts | _____    |
| 3. Add – Expected premium payments for new installment contracts       | _____    |
| 4. Adjustments to the expected future premium payments                 | _____    |
| 5. Expected future premiums – End of Year (1-2+3+4)                    | \$ _____ |



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(2) Non-installment contracts:

b. Schedule of the future expected earned premium revenue on non-installment contracts as of the latest date of the statement of financial position:

1.

|                                  |          |
|----------------------------------|----------|
| (a) 1 <sup>st</sup> Quarter 2024 | \$ _____ |
| (b) 2 <sup>nd</sup> Quarter 2024 | _____    |
| (c) 3 <sup>rd</sup> Quarter 2024 | _____    |
| (d) 4 <sup>th</sup> Quarter 2024 | _____    |
| (e) Year 2025                    | _____    |
| (f) Year 2026                    | _____    |
| (g) Year 2027                    | _____    |
| (h) Year 2028                    | \$ _____ |

2.

|                       |          |
|-----------------------|----------|
| (a) 2029 through 2033 | \$ _____ |
| (b) 2034 through 2038 | _____    |
| (c) 2039 through 2043 | _____    |
| (d) Etc.              | \$ _____ |

(NOTE: Use as many five-year increments as needed, a through y)

(3) Claim liability:

a. The company used a rate of \_\_\_\_ to discount the claim liability. This rate is equal to the average rate of return on the admitted assets of the company as of the December 31, 20XX.

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b. Significant components of the change in the claim liability for the period

| Components   | Amount   |
|--|----------|
| (1) Accretion of the discount                      | \$ _____ |
| (2) Changes in timing                              | _____    |
| (3) New reserves for defaults of insured contracts | _____    |
| (4) Change in deficiency reserves                  | _____    |
| (5) Change in incurred but not reported claims     | _____    |
| (6) Total (1+2+3+4+5)                              | \$ _____ |