

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: _____ NAME: <u>Dale Bruggeman</u> TITLE: <u>Chair SAPWG</u> AFFILIATION: <u>Ohio Department of Insurance</u> ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	DATE: <u>03/06/2019</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2019-14BWG MOD</u> Year <u>2019</u> Changes to Existing Reporting <input checked="" type="checkbox"/> [X] New Reporting Requirement <input type="checkbox"/> []	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
	No Impact <input checked="" type="checkbox"/> [X] Modifies Required Disclosure <input type="checkbox"/> []	DISPOSITION
	<input type="checkbox"/> [] Rejected For Public Comment <input type="checkbox"/> [] Referred To Another NAIC Group <input type="checkbox"/> [] Received For Public Comment <input checked="" type="checkbox"/> [X] Adopted Date <u>06/24/2019</u> <input type="checkbox"/> [] Rejected Date _____ <input type="checkbox"/> [] Deferred Date _____ <input type="checkbox"/> [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> [X] ANNUAL STATEMENT | <input checked="" type="checkbox"/> [X] INSTRUCTIONS | <input checked="" type="checkbox"/> [X] CROSSCHECKS |
| <input checked="" type="checkbox"/> [X] QUARTERLY STATEMENT | <input checked="" type="checkbox"/> [X] BLANK | |
| <input checked="" type="checkbox"/> [X] Life, Accident & Health/Fraternal | <input type="checkbox"/> [] Separate Accounts | <input checked="" type="checkbox"/> [X] Title |
| <input checked="" type="checkbox"/> [X] Property/Casualty | <input type="checkbox"/> [] Protected Cell | <input type="checkbox"/> [] Other _____ |
| <input checked="" type="checkbox"/> [X] Health | <input type="checkbox"/> [] Health (Life Supplement) | |

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instructions and illustration for Note 8 – Derivatives for disclosures adopted by *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*. Add categories for Variable Annuity Guarantees to the instructions for Schedule DB, Parts A & B. Add instruction and blank page for Schedule DB, Part E. Modify the instructions for the details of write-in for Line 25 of the Asset Page and for Lines 25 and 34 of the Life/Fraternal Liability Page.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of this proposal is to reflect reporting changes necessary for *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* adopted by the Statutory Accounting Principles (E).

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE DB – PART A
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
<u>Purchased Options</u>	
<u>Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108</u>	
Call Options and Warrants	0019999999
Put Options	0029999999
Caps	0039999999
Floors	0049999999
Collars	0059999999
Other	0069999999
Subtotal – Hedging Effective	0079999999
<u>Hedging Effective – Variable Annuity Guarantees Under SSAP No.108</u>	
<u>Call Options and Warrants</u>	<u>0089999999</u>
<u>Put Options</u>	<u>0099999999</u>
<u>Caps</u>	<u>0109999999</u>
<u>Floors</u>	<u>0119999999</u>
<u>Collars</u>	<u>0129999999</u>
<u>Other</u>	<u>0139999999</u>
<u>Subtotal – Hedging Effective</u>	<u>0149999999</u>
<u>Hedging Other</u>	
Call Options and Warrants	00899999990159999999
Put Options	00999999990169999999
Caps	01099999990179999999
Floors	01199999990189999999
Collars	01299999990199999999
Other	01399999990209999999
Subtotal – Hedging Other	01499999990219999999
<u>Replications</u>	
Call Options and Warrants	01599999990229999999
Put Options	01699999990239999999
Caps	01799999990249999999
Floors	01899999990259999999
Collars	01999999990269999999
Other	02099999990279999999
Subtotal – Replications	02199999990289999999
<u>Income Generation</u>	
Call Options and Warrants	02299999990299999999
Put Options	02399999990309999999
Caps	02499999990319999999
Floors	02599999990329999999
Collars	02699999990339999999
Other	02799999990349999999
Subtotal – Income Generation	02899999990359999999

Other

Call Options and Warrants	02999999990369999999
Put Options	03099999990379999999
Caps	03199999990389999999
Floors	03299999990399999999
Collars	03399999990409999999
Other	03499999990419999999
Subtotal – Other	03599999990429999999

Total Purchased Options

Subtotal – Call Options and Warrants	03699999990439999999
Subtotal – Put Options	03799999990449999999
Subtotal – Caps	03899999990459999999
Subtotal – Floors	03999999990469999999
Subtotal – Collars	04099999990479999999
Subtotal – Other	04199999990489999999
Subtotal – Total Purchased Options	04299999990499999999

Written Options

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108

Call Options and Warrants	04399999990509999999
Put Options	04499999990519999999
Caps	04599999990529999999
Floors	04699999990539999999
Collars	04799999990549999999
Other	04899999990559999999
Subtotal – Hedging Effective	04999999990569999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No.108

<u>Call Options and Warrants</u>	<u>0579999999</u>
<u>Put Options</u>	<u>0589999999</u>
<u>Caps</u>	<u>0599999999</u>
<u>Floors</u>	<u>0609999999</u>
<u>Collars</u>	<u>0619999999</u>
<u>Other</u>	<u>0629999999</u>
<u>Subtotal – Hedging Effective</u>	<u>0639999999</u>

Hedging Other

Call Options and Warrants	05099999990649999999
Put Options	05199999990659999999
Caps	05299999990669999999
Floors	05399999990679999999
Collars	05499999990689999999
Other	05599999990699999999
Subtotal – Hedging Other	05699999990709999999

Replications

Call Options and Warrants	05799999990719999999
Put Options	05899999990729999999
Caps	05999999990739999999
Floors	06099999990749999999
Collars	06199999990759999999
Other	06299999990769999999
Subtotal – Replications	06399999990779999999

Income Generation

Call Options and Warrants	06499999990789999999
Put Options	06599999990799999999
Caps	06699999990809999999
Floors	06799999990819999999
Collars	06899999990829999999
Other	06999999990839999999
Subtotal – Income Generation	07099999990849999999

Other

Call Options and Warrants	07199999990859999999
Put Options	07299999990869999999
Caps	07399999990879999999
Floors	07499999990889999999
Collars	07599999990899999999
Other	07699999990909999999
Subtotal – Other	07799999990919999999

Total Written Options

Subtotal – Call Options and Warrants	07899999990929999999
Subtotal – Put Options	07999999990939999999
Subtotal – Caps	08099999990949999999
Subtotal – Floors	08199999990959999999
Subtotal – Collars	08299999990969999999
Subtotal – Other	08399999990979999999
Subtotal – Total Written Options	08499999990989999999

Swaps

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108

Interest Rate	08599999990999999999
Credit Default	08699999991009999999
Foreign Exchange	08799999991019999999
Total Return	08899999991029999999
Other	08999999991039999999
Subtotal – Hedging Effective	09099999991049999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No.108

Interest Rate Call Options and Warrants	1059999999
Credit Default Put Options	1069999999
Foreign Exchange Caps	1079999999
Total Return Floors	1089999999
Collars	1099999999
Other	110109999999
Subtotal – Hedging Effective	111109999999

Hedging Other

Interest Rate	0919999999112111999999
Credit Default	092999999911311129999999
Foreign Exchange	093999999911411139999999
Total Return	094999999911511149999999
Other	095999999911611159999999
Subtotal – Hedging Other	096999999911711169999999

Replication

Interest Rate	0979999999	1181179999999
Credit Default.....	0989999999	1191189999999
Foreign Exchange	0999999999	1201199999999
Total Return	1009999999	1211209999999
Other	1019999999	1221219999999
Subtotal – Replication.....	1029999999	1231229999999

Income Generation

Interest Rate	1039999999	1241239999999
Credit Default.....	1049999999	1251249999999
Foreign Exchange	1059999999	1261259999999
Total Return	1069999999	1271269999999
Other	1079999999	1281279999999
Subtotal – Income Generation.....	1089999999	1291289999999

Other

Interest Rate	1099999999	1301299999999
Credit Default.....	1109999999	1311309999999
Foreign Exchange	1119999999	1321319999999
Total Return	1129999999	1331329999999
Other	1139999999	1341339999999
Subtotal – Other	1149999999	1351349999999

Total Swaps

Subtotal – Interest Rate	1159999999	1361359999999
Subtotal – Credit Default	1169999999	1371369999999
Subtotal – Foreign Exchange	1179999999	1381379999999
Subtotal – Total Return	1189999999	1391389999999
Subtotal – Other	1199999999	1401399999999
Subtotal – Total Swaps	1209999999	1411409999999

Forwards

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1219999999	1421419999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....		1431429999999
Hedging Other	1229999999	1441439999999
Replication	1239999999	1451449999999
Income Generation	1249999999	1461459999999
Other.....	1259999999	1471469999999
Subtotal – Forwards	1269999999	1481479999999

SSAP No. 108 Adjustments

Offset to VM-21		1489999999
Recognized and Deferred Assets or Liabilities		1499999999
Subtotal – SSAP No. 108 Adjustments		1509999999

Totals:

Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108	1399999999	1689999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....		1699999999
Subtotal – Hedging Other.....	1409999999	1709999999
Subtotal – Replication	1419999999	1719999999
Subtotal – Income Generation	1429999999	1729999999
Subtotal – Other	1439999999	1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives		1749999999

Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1449999999	1759999999
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Definitions:

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees.

Hedging Effective –Variable Annuity Guarantees Under SSAP No.108:

A derivative ~~transaction relationship that is~~ used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment as described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments as described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in *SSAP No. 86—Derivatives*). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Value of One (1) Point:

The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as “Lot Size,” “Lots” or “Points” by the exchange.

Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and

2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

Interest rate and currency swaps (where receive/(pay) notional amounts are denominated in different currencies), are filed under the “Foreign Exchange” swap subcategory.



SCHEDULE DB – PART A – SECTION 1

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN
DECEMBER 31 OF CURRENT YEAR

Include all options, caps, floors, collars, swaps and forwards owned on December 31 of the current year, including those owned on December 31 of the previous year, and those acquired during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g., CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

For swaptions, include the hedge ID number, the tenor of the option (i.e., time from effective date to maturity date of the option aspect), and the start and end dates of the underlying swap.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001). The identifier provided should be the same as provided for Schedule DB, Part E.

 **Detail Eliminated to Conserve Space** 

Column 15 – Code

Insert * in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

Insert # in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

Insert ^ in this column if the derivative has unpaid financing premiums.

For Clearly Defined Hedging Strategy (CDHS) instruments ~~applying the provisions of SSAP No. 108:~~

~~**Insert \$** in this column for derivatives held in a SSAP 108 CDHS throughout the current reporting period (or since inception if shorter) hedging instruments moved to hedge variable annuity derivatives.~~

~~**Insert &** in this column for derivatives repurposed from a SSAP 108 CDHS to SSAP 86 during the current reporting period hedging instruments removed from hedging variable annuity derivatives.~~

~~**Insert !** in this column for derivatives previously held that were designated from SSAP 86 to a SSAP 108 CDHS during the current reporting period hedging instruments removed to the variable annuity guarantees derivative as the variable annuities derivative program was no longer effective.~~

~~**Insert ~** in this column for CDHS hedging instruments removed to the variable annuity guarantees derivative as the variable annuities derivative program was terminated.~~



Detail Eliminated to Conserve Space

Column 17 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

The total unrealized valuation increase/(decrease) for a specific derivative will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the derivative at Fair Value.

These amounts are to be reported as unrealized capital gains/(losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account. For SSAP No. 108 Derivatives, the entire change in fair value shall be initially reported as an unrealized change, with adjustments shown to represent the amounts removed from unrealized and recognized as realized or deferred assets/liabilities under the provisions of SSAP No. 108. The Column 17 summary Total (i.e. line 4701759999999) should reflect only unrealized gains or losses remaining after the Total Adjustments for SSAP No. 108 Derivatives.

~~For Clearly Defined Hedging Strategies (CDHS), this should only equal the portion that was recognized as an unrealized gain or loss.~~



Detail Eliminated to Conserve Space

Column 23 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show as a percentage expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage on December 31 of the current year.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction.
- On December 31st end of the current year.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction, and
- At the end of the current year.



Detail Eliminated to Conserve Space

Column 32 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

<u>Purchased Options</u>	<u>Lines 0089999999 through 0139999999</u>
<u>Written Options</u>	<u>Lines 0579999999 through 0629999999</u>
<u>Swaps</u>	<u>Lines 1059999999 through 1099999999</u>
<u>Forwards</u>	<u>Line 1429999999</u>

SCHEDULE DB – PART A – SECTION 2

**OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS TERMINATED
DURING CURRENT YEAR**

Include all options, caps, floors, collars, swaps and forwards which were terminated during the current reporting year, both those that were owned on December 31 of the previous reporting year, and those acquired and terminated during the current year.

Column 1 – Description

Give a complete and accurate description of the derivative instrument including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g. CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.
- For derivatives with financing premiums include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001).

⌘ ════════════ **Detail Eliminated to Conserve Space** ════════════ ⌘

Column 18 – Code

Insert * in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; if the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

Insert # in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

Insert ^ in this column if the derivative has unpaid financing premiums.

For Clearly Defined Hedging Strategy (CDHS) instruments applying the provisions of SSAP No. 108:

Insert \$ in this column for derivatives held in a SSAP 108 CDHS throughout the current reporting period (or since inception if shorter) ~~hedging instruments moved to hedge variable annuity derivatives.~~

Insert & in this column for derivatives repurposed from a SSAP 108 CDHS to SSAP 86 during the current reporting period ~~hedging instruments removed from hedging variable annuity derivatives.~~

Insert ! in this column for derivatives previously held that were designated from SSAP 86 to a SSAP 108 CDHS during the current reporting period ~~hedging instruments removed to the variable annuity guarantees derivative as the variable annuities derivative program was no longer effective.~~

Insert ~ in this column for CDHS hedging instruments removed ~~to the variable annuity guarantees derivative~~ as the variable annuities derivative program was terminated.



Column 25 – Hedge Effectiveness at Inception and at Termination

For hedge transactions show as a percentage expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At termination.



Column 31 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

<u>Purchased Options</u>	<u>Lines 0089999999 through 0139999999</u>
<u>Written Options</u>	<u>Lines 0579999999 through 0629999999</u>
<u>Swaps</u>	<u>Lines 1059999999 through 1099999999</u>
<u>Forwards</u>	<u>Line 1429999999</u>

SCHEDULE DB – PART B
SECTIONS 1 AND 2

GENERAL INSTRUCTIONS

In each Section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
Long Futures:	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1279999999 1519999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1529999999
Hedging Other.....	1289999999 1539999999
Replication.....	1299999999 1549999999
Income Generation.....	1309999999 1559999999
Other.....	1319999999 1569999999
Subtotal – Long Futures.....	1329999999 1579999999
Short Futures:	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1339999999 1589999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1599999999
Hedging Other.....	1349999999 1609999999
Replication.....	1359999999 1619999999
Income Generation.....	1369999999 1629999999
Other.....	1379999999 1639999999
Subtotal – Short Futures.....	1389999999 1649999999
SSAP No. 108 Adjustments	
Offset to VM-21.....	1659999999
Recognized and Deferred Assets or Liabilities.....	1669999999
Subtotal – SSAP No. 108 Adjustments.....	1679999999
Totals:	
Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1399999999 1689999999
Subtotal – Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1699999999
Subtotal – Hedging Other.....	1409999999 1709999999
Subtotal – Replication.....	1419999999 1719999999
Subtotal – Income Generation.....	1429999999 1729999999
Subtotal – Other.....	1439999999 1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives.....	1749999999
Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1449999999 1759999999

Definitions:

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

Hedging Effective –Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction relationship that is used in hedging transactions that meet the criteria of a highly effective hedge and applied the special accounting treatment as described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective, (2) Hedging Other, (3) Replication, or (4) Income Generation definition listed above or referenced in *SSAP No. 86—Derivatives*. When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements

Total Adjustments for SSAP No. 108 Derivatives

Captures both the current year fair value fluctuations in the hedging instruments attributable to the hedged risk.

- 1) Recognized as realized gain or loss due to offset against current period changes in the designated portion of the VM-21 reserve liability and
- 2) Recognized as deferred assets or deferred liabilities as prescribed under SSAP No. 108.

↓ **====** **Detail Eliminated to Conserve Space** **====** ↓

SCHEDULE DB – PART B – SECTION 1

FUTURES CONTRACTS OPEN
DECEMBER 31 OF CURRENT YEAR

Include all futures contracts positions open December 31 of current year, including those which were open on December 31 of previous year, and those acquired during current year.

In the Broker Name/Net Cash Deposits footnote, list, in alphabetical sequence, brokers with whom cash deposits have been made, cumulative changes made to the deposits and the beginning and ending cash balances.



Detail Eliminated to Conserve Space

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Do not use internal descriptions or identifiers unless provided as supplemental information.

~~For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001). The identifier provided should be the same as provided for Schedule DB, Part E.~~



Detail Eliminated to Conserve Space

Column 21 – Hedge Effectiveness at Inception and at Year-end

For hedge transactions show, as a percentage expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage at reporting date.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction; and
- At reporting date.



Detail Eliminated to Conserve Space



Column 30 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) applying the provisions of SSAP No. 108 reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

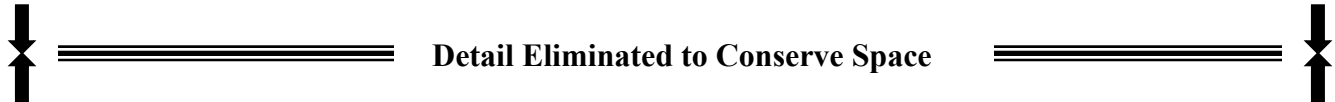
Long Futures Line 150152999999

Short Futures Line 157159999999

SCHEDULE DB – PART B – SECTION 2

**FUTURES CONTRACTS TERMINATED
DURING CURRENT YEAR**

Include all futures contracts which were terminated during current reporting year, both those that were open on December 31 of previous reporting year, and those acquired and terminated during current year.



Detail Eliminated to Conserve Space

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Do not use internal descriptions or identifiers unless provided as supplemental information.

~~For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001).~~



Detail Eliminated to Conserve Space

Column 19 – Hedge Effectiveness at Inception and at Termination

For hedge transactions, show as a percentage expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage at termination.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; ~~CDHS #001; hedged interest rate risks of assets.~~

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – ~~50% of Rho SSAP 108 hedge; 100% Effective.~~

SCHEDULE DB – PART E

Derivatives Hedging Variable Annuity Guarantees as of December 31 of Current Year

This schedule is specific for the derivatives and the hedging programs captured in SSAP No. 108

See SSAP No. 108—Derivatives Hedging Variable Annuities Guarantees for additional accounting guidance.

Column 1 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the SSAP No. 108 CDHS in Column 432 of Schedule DB, Part A, Section 1; Column 31 of Schedule DB, Part A, Section 2; Column 30 of Schedule DB, Part B, Section 1 and Column 426 of Schedule DB, Part B, Section 2.

Column 2 – CDHS Description

Provide a description for each uniquely identified CDHS. ~~This description will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part A, Section 1 and Column 4 of Schedule DB, Part B, Section 1.~~

Column 3 – Prior Fair Value in Full Contract Cash Flows Attributed to Interest Rates

Prior period full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 4 – Ending Fair Value in Full Contract Cash Flows Attributed to Interest Rates

Current period full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 5 – Fair Value Gains (Loss) in Full Contract Cash Flows Attributed to Interest Rates

Change in full contract fair value. This reflects all product cash flows, per SSAP No. 108.

Column 6 – Fair Value Gain (Loss) in Hedged Item Attributed to Hedged Risk

Change in fair value attributable to hedged risk per SSAP No. 108.

Column 7 – Current Year Increase (Decrease) in VM-21 Liability

VM-21 liability increase (decrease) from beginning of period to end of period.

Column 8 – Current Year Increase (Decrease) in VM-21 Liability Attributed to Interest Rates

VM-21 liability increase (decrease) attributable to interest rate movements.

Column 9 – Change in the Hedged Item Attributed to Hedged Risk Percentage

Change in fair value attributed to hedged risk as a percentage of the change in full contract fair value per SSAP No. 108.

Column 10 – Current Year Increase (Decrease) in VM-21 Liability Attributed to Hedged Risk

VM-21 liability increase (decrease) attributed to hedged risk.

<u>Column 11</u>	–	<u>Prior Deferred Balance</u>
		<u>Specific CDHS deferred liability (asset) balance at end of prior reporting period.</u>
<u>Column 12</u>	–	<u>Current Year Fair Value Fluctuation of the Hedge Instruments</u>
		<u>Current year total return Fair Value fluctuations in the hedging instruments per SSAP 108.</u>
<u>Column 13</u>	–	<u>Current Year Natural Offset to VM-21 Liability</u>
		<u>Current year hedging instruments' total return Fair Value fluctuations that offset the current period change in the designated portion of the VM-21 liability.</u>
<u>Column 14</u>	–	<u>Hedging Instruments' Current Fair Value Fluctuation Not Attributed to Hedged Risk</u>
		<u>Current year hedging instruments' total return Fair Value fluctuations not attributable to hedged risk per SSAP 108.</u>
<u>Column 15</u>	–	<u>Hedge Gain (Loss) in Current Year Deferred Adjustment</u>
		<u>Current year hedging instruments' total return Fair Value fluctuations that do not offset the current period change in the designated portion of the VM-21 liability (recognized as deferred liabilities/(assets) per SSAP 108).</u>
<u>Column 16</u>	–	<u>Current Year Prescribed Deferred Amortization</u>
		<u>Current year deferred (liability)/asset amortization into realized gains/losses (straight line over a period not to exceed 10 years per SSAP 108).</u>
<u>Column 17</u>	–	<u>Current Year Additional Deferred Amortization</u>
		<u>Current year deferred (liability)/asset accelerated amortization elected by the reporting entity per SSAP 108.</u>
<u>Column 18</u>	–	<u>Current Year Total Deferred Amortization</u>
		<u>Total current year deferred (liability)/asset amortization into realized gains/losses.</u>
<u>Column 19</u>	–	<u>Ending Deferred Balance</u>
		<u>Specific CDHS Deferred Liability (Asset) balance at end of current reporting period.</u>

NOTES TO FINANCIAL STATEMENTS

Detail Eliminated to Conserve Space

8. Derivative Instruments

Instruction:

A. Derivatives under SSAP No. 86—Derivatives

Disclose the following information by category of derivative financial instrument:

- ~~A.~~(1) A discussion of the market risk, credit risk and cash requirements of the derivative.
- ~~B.~~(2) A description of the reporting entity's objectives for using derivatives, i.e. hedging, income generation or replication, as well as a description of the context needed to understand those objectives and its strategies for achieving those objectives, including the identification of the category, e.g. fair value hedges, cash flow hedges, or foreign currency hedges, and for all objectives, the type of instrument(s) used.
- ~~C.~~(3) A description of the accounting policies for recognizing (or reasons for not recognizing) and measuring the derivatives used, and when recognized and where those instruments and related gains and losses are reported.
- ~~D.~~(4) Identification of whether the reporting entity has derivative contracts with financing premiums. (For purposes of this term, this includes scenarios in which the premium cost is paid at the end of the derivative contract or throughout the derivative contract.)
- ~~E.~~(5) The net gain or loss recognized in unrealized gains or losses during the reporting period representing the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness.
- ~~F.~~(6) The net gain or loss recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.
- ~~G.~~(7) For derivatives accounted for as cash flow hedges of a forecasted transaction, disclose:
 - ~~(1)~~a. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments; and
 - ~~(2)~~b. The amount of gains and losses classified in unrealized gains/losses related to cash flow hedges that have been discontinued because it was no longer probable that the original forecasted transactions would occur by the end of the originally specified time period or within 2 months of that date.
- ~~H.~~(8) Disclose the aggregate, non-discounted total premium cost for these contracts and the premium cost due in each of the following four years, and thereafter. Include the aggregate fair value of derivative instruments with financing premiums excluding the impact of the deferred or financing premiums.

B. Derivatives under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only)

(1) Discussion of hedged item / hedging instruments and hedging strategy:

- Discussion of hedged item, including information on the guarantees sensitive to interest rate risk, along with information on the designated hedging instruments being used to hedge the risk.
- Discussion of the hedging instruments shall identify whether a hedging instrument is a single instrument or portfolio, as well as information on the hedging strategy (including whether there have been changes in strategy from the prior reporting period, along with detailed information on the changes), and assessment of hedging effectiveness and compliance with the “Clearly Defined Hedging Strategy” of VM-21.
- Identification shall occur on whether the hedged item is intended to be fully hedged under the hedging strategy, or if the strategy is only focused on a portion of the liability characteristics or a portion of the interest rate sensitivity.
- Hedging strategies shall be identified as highly effective or not highly effective.
- If the strategy for a particular hedging relationship excludes a specific component of the gain or loss, or related cash flows, from the assessment of hedge effectiveness, details on the excluded components shall be disclosed.

Note: The narrative discussion for this disclosure shall incorporate a unique identifier for each hedging strategy referenced. Use the same identifier as used for Schedule DB, Part E.

(2) Recognition of gains/losses and deferred assets and liabilities

Provide the following:

Schedule showing the current period amortization, including any accelerated amortization elected by the reporting entity, and the future scheduled amortization of the deferred assets and deferred liabilities.

Information on derivative instruments that were originally captured in SSAP No. 108 and repurposed to be within scope of SSAP No. 86 (or vice versa). If the reporting entity has repurposed derivatives, information on the derivative to reconcile the fair value (realized/unrealize gains or losses) is required. (These disclosures should only be included if open derivatives were reclassified between SSAP No. 86 and SSAP No. 108 – it is expected to be uncommon.)

The amortization of deferred assets and liabilities shall be completed on an annual basis only. Quarterly changes (resulting in new amortization projections) from the recognition of new deferred assets/liabilities shall be shown in the quarterly completion of Schedule DB, Part E.

(3) Hedging Strategies Identified as No Longer Highly Effective

Disclose for hedging strategies no longer identified as highly effective previously captured within scope of SSAP No. 108:

- a. Information on the determination of ineffectiveness, including variations from prior assessments resulting in the change from classification as a highly effective hedge.
- b. Identification of outstanding hedging instruments previously captured within scope of this standard and subsequently identified as no longer part of a highly effective hedging strategy. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy had been identified by the reporting entity as no longer highly effective.
- c. Deferred assets and deferred liabilities previously recognized when the program was highly effective, with a schedule that shows the amortization that would have occurred if the program had remained highly effective, as well as a schedule that details the amortization that will occur as the program is no longer highly effective (maximum five-year timeframe).
- d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year timeframe), along with amounts immediately recognized to unrealized gains/losses, and how the election impacts the scheduled amortization.

(4) Hedging Strategies Terminated

Disclose for situations in which the reporting entity has elected to terminate the hedging strategy and/or discontinue the special accounting provisions permitted within SSAP No. 108:

- a. The key elements in the reporting's entity's decision to terminate, identifying changes in the reporting entity's objectives or perspectives from initial application.
- b. Identification of outstanding hedging instruments previously captured within scope of this standard and the accounting impact as a result of the termination/discontinuation. (Open derivative transactions no longer captured within the special accounting provision would be subject to the accounting and reporting guidance within SSAP No. 86.) This disclosure shall identify the date in which the domiciliary state was notified that the hedging strategy or the election to use the special accounting provision in this SSAP had been terminated.
- c. Deferred assets and deferred liabilities previously recognized under the hedging strategy and/or program, with a schedule that shows the amortization that would have occurred if the strategy and/or program had remained highly effective, as well as a schedule that details the amortization that will occur with the termination of the strategy and/or program (maximum five-year timeframe).
- d. Disclosure on whether the reporting entity is electing to accelerate amortization (in advance of the remaining scheduled amortization or the maximum five-year timeframe), along with amounts immediately recognized to unrealized gains/losses, and the resulting impact to the scheduled amortization.

Illustration:

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

A. Derivatives under SSAP No. 86—Derivatives

~~H.~~(8)

(1)a.

<u>Fiscal Year</u>	<u>Derivative Premium Payments Due</u>
a1. 2020	\$
b2. 2021
e3. 2022
d4. 2023
e5. Thereafter
f6. Total Future Settled Premiums	\$

(2)b.

	<u>Undiscounted Future Premium Commitments</u>	<u>Derivative Fair Value with Premium Commitments (Reported on DB)</u>	<u>Derivative Fair Value Excluding Impact of Future Settled Premiums</u>
a1. Prior Year	\$	\$	\$
b2. Current Year	\$	\$	\$

B. Derivatives under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees

(1) Discussion of hedged item / hedging instruments and hedging strategy:

CDHS #1 - Rider Claims Less Rider Fees in VA Contracts - 50% Rho - 10 Year SL Amortization:

The hedged obligation consists of guaranteed benefits on variable annuity contracts and resembles a long dated put option where claim payment is made whenever account value is less than a guaranteed amount, adjusted for applicable fees. Changes in interest rates impact the present value of future product cash flows (discount rate) as well as the value of investments comprising the account value to be assessed against the guarantee. Under this VM-21 compliant clearly defined hedging strategy (CDHS), interest rate risk may be hedged by a duration matched portfolio of interest sensitive derivatives such as treasury bond forwards, treasury futures, interest rate swaps, interest rate swaptions or treasury future options. The hedging strategy is unchanged from the prior reporting period, and the total return on the designated portfolio of derivatives has been highly effective in covering the established target of 50% of the interest rate risk (rho) of the hedged obligation. Hedge effectiveness is measured in accordance with the requirements outlined under SSAP No. 108 and entails assessment of the total return on the designated portfolio of derivatives against changes in the fair value of the hedged obligation due to interest rate movements on a cumulative basis.

(2) Recognition of gains/losses and deferred assets and liabilities

a. Scheduled Amortization

<u>Amortization Year</u>	<u>Deferred Assets</u>	<u>Deferred Liabilities</u>
1. 2020
2. 2021
3. 2022
4. 2023
5. 2024
6. 2025
7. 2026
8. 2027
9. 2028
10. 2029
11. Total

b. Total Deferred Balance *

* Should agree to Column 18 of Schedule DB, Part E

c. Reconciliation of Amortization:

1. <u>Prior Year Total Deferred Balance</u>	\$
2. <u>Current Year Amortization</u>	\$
3. <u>Current Year Deferred Recognition</u>	\$
4. <u>Ending Deferred Balance [1-(2+3)]</u>	\$

d. Open Derivative Removed from SSAP No. 108 and Captured in Scope of SSAP No. 86

1. <u>Total Derivative Fair Value Change</u>	\$
2. <u>Change in Fair Value Reflected as a Natural Offset to VM21 Liability under SSAP No. 108</u>	\$
3. <u>Change in Fair Value Reflected as a Deferred Asset / Liability Under SSAP No. 108</u>	\$
4. <u>Other Changes</u>	\$
5. <u>Unrealized Gain / Loss Recognized for Derivative Under SSAP No. 86 [1-(sum of 2 through 4)]</u>	\$

e. Open Derivative Removed from SSAP No. 86 and Captured in Scope of SSAP No. 108

1. <u>Total Derivative Fair Value Change</u>	\$
2. <u>Unrealized Gain / Loss Recognized Prior to the Reclassification to SSAP No. 108</u>	\$
3. <u>Other Changes</u>	\$
4. <u>Fair Value Change Available for Application under SSAP No. 108 [1-(2+3)]</u>	\$

(3) Hedging Strategies Identified as No Longer Highly Effective

b. Details of Hedging Strategies Identified as No Longer Highly Effective

<u>Unique Identifier</u>	<u>Date Domiciliary State Notified</u>	<u>Amortization (# of years) 5 or Less</u>	<u>Recognized Deferred Assets</u>	<u>Recognized Deferred Liabilities</u>
.....
.....
.....
.....
.....
.....
.....
.....

c. Amortization

<u>Amortization Year</u>	<u>Recognized Deferred Assets</u>	<u>Recognized Deferred Liabilities</u>	<u>Accelerated Amortization</u>	<u>Original Amortization</u>
1. 2020
2. 2021
3. 2022
4. 2023
5. 2024
6.Total Adjusted Amortization		

(4) Hedging Strategies Terminated

b. Details of Hedging Strategies Terminated

<u>Unique Identifier</u>	<u>Date Domiciliary State Notified</u>	<u>Amortization (# of years) 5 or Less</u>	<u>Recognized Deferred Assets</u>	<u>Recognized Deferred Liabilities</u>
.....
.....
.....
.....
.....
.....
.....
.....

c. Amortization

<u>Amortization Year</u>	<u>Recognized Deferred Assets</u>	<u>Recognized Deferred Liabilities</u>	<u>Accelerated Amortization</u>	<u>Original Amortization</u>
1. 2020
2. 2021
3. 2022
4. 2023
5. 2024
6.Total Adjusted Amortization		


Detail Eliminated to Conserve Space


EXHIBIT OF CAPITAL GAINS (LOSSES)

Gains and losses may be offset against each other only where they apply to the same bond issue, property, etc. Only gains/losses pertaining to invested assets are to be included in this exhibit. Amounts in this exhibit shall be presented before federal and foreign income taxes.



Detail Eliminated to Conserve Space

Details of Write-ins Aggregated at Line 9 for Capital Gains (Losses)

List separately each category of capital gains (losses) for which there is no pre-printed line in the Exhibit of Capital Gains (Losses).

Include: Capital gains from investments previously charged off.

For Clearly Defined Hedging Strategies qualifying for and applying the provisions of SSAP No. 108 include total current year amortization of SSAP No. 108 deferred liabilities and deferred assets as realized capital gains (losses).

For hedging strategies no longer identified as highly effective within the scope of SSAP No. 108 or which the reporting entity has elected to terminate include total current year amortization of deferred liabilities and deferred assets as unrealized capital gains (losses).

Exclude: Capital gains and losses on extinguishment of debt related to employee stock option plans.

QUARTERLY STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE DB – PART A – SECTION 1

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN

In each Section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
<u>Purchased Options</u>	
<u>Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108</u>	
Call Options and Warrants	0019999999
Put Options.....	0029999999
Caps	0039999999
Floors	0049999999
Collars.....	0059999999
Other	0069999999
Subtotal – Hedging Effective.....	0079999999
<u>Hedging Effective – Variable Annuity Guarantees Under SSAP No.108</u>	
<u>Call Options and Warrants</u>	<u>0089999999</u>
<u>Put Options.....</u>	<u>0099999999</u>
<u>Caps</u>	<u>0109999999</u>
<u>Floors</u>	<u>0119999999</u>
<u>Collars.....</u>	<u>0129999999</u>
<u>Other</u>	<u>0139999999</u>
<u>Subtotal – Hedging Effective.....</u>	<u>0149999999</u>
<u>Hedging Other</u>	
Call Options and Warrants.....	00899999990159999999
Put Options.....	00999999990169999999
Caps	01099999990179999999
Floors	01199999990189999999
Collars.....	01299999990199999999
Other	01399999990209999999
Subtotal – Hedging Other	01499999990219999999
<u>Replications</u>	
Call Options and Warrants.....	01599999990229999999
Put Options.....	01699999990239999999
Caps	01799999990249999999
Floors	01899999990259999999
Collars.....	01999999990269999999
Other	02099999990279999999
Subtotal – Replications	02199999990289999999
<u>Income Generation</u>	
Call Options and Warrants.....	02299999990299999999
Put Options.....	02399999990309999999
Caps	02499999990319999999
Floors	02599999990329999999
Collars.....	02699999990339999999
Other	02799999990349999999
Subtotal – Income Generation.....	02899999990359999999

Other

Call Options and Warrants.....	02999999990369999999
Put Options.....	03099999990379999999
Caps.....	03199999990389999999
Floors.....	03299999990399999999
Collars.....	03399999990409999999
Other.....	03499999990419999999
Subtotal – Other.....	03599999990429999999

Total Purchased Options

Subtotal – Call Options and Warrants.....	03699999990439999999
Subtotal – Put Options.....	03799999990449999999
Subtotal – Caps.....	03899999990459999999
Subtotal – Floors.....	03999999990469999999
Subtotal – Collars.....	04099999990479999999
Subtotal – Other.....	04199999990489999999
Subtotal – Total Purchased Options.....	04299999990499999999

Written Options

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108

Call Options and Warrants.....	04399999990509999999
Put Options.....	04499999990519999999
Caps.....	04599999990529999999
Floors.....	04699999990539999999
Collars.....	04799999990549999999
Other.....	04899999990559999999
Subtotal – Hedging Effective.....	04999999990569999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No.108

<u>Call Options and Warrants.....</u>	<u>0579999999</u>
<u>Put Options.....</u>	<u>0589999999</u>
<u>Caps.....</u>	<u>0599999999</u>
<u>Floors.....</u>	<u>0609999999</u>
<u>Collars.....</u>	<u>0619999999</u>
<u>Other.....</u>	<u>0629999999</u>
<u>Subtotal – Hedging Effective.....</u>	<u>0639999999</u>

Hedging Other

Call Options and Warrants.....	05099999990649999999
Put Options.....	05199999990659999999
Caps.....	05299999990669999999
Floors.....	05399999990679999999
Collars.....	05499999990689999999
Other.....	05599999990699999999
Subtotal – Hedging Other.....	05699999990709999999

Replications

Call Options and Warrants.....	05799999990719999999
Put Options.....	05899999990729999999
Caps.....	05999999990739999999
Floors.....	06099999990749999999
Collars.....	06199999990759999999
Other.....	06299999990769999999
Subtotal – Replications.....	06399999990779999999

Income Generation

Call Options and Warrants	06499999990789999999
Put Options	06599999990799999999
Caps	06699999990809999999
Floors	06799999990819999999
Collars	06899999990829999999
Other	06999999990839999999
Subtotal – Income Generation	07099999990849999999

Other

Call Options and Warrants	07199999990859999999
Put Options	07299999990869999999
Caps	07399999990879999999
Floors	07499999990889999999
Collars	07599999990899999999
Other	07699999990909999999
Subtotal – Other	07799999990919999999

Total Written Options

Subtotal – Call Options and Warrants	07899999990929999999
Subtotal – Put Options	07999999990939999999
Subtotal – Caps	08099999990949999999
Subtotal – Floors	08199999990959999999
Subtotal – Collars	08299999990969999999
Subtotal – Other	08399999990979999999
Subtotal – Total Written Options	08499999990989999999

Swaps

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108

Interest Rate	08599999990999999999
Credit Default	08699999991009999999
Foreign Exchange	08799999991019999999
Total Return	08899999991029999999
Other	08999999991039999999
Subtotal – Hedging Effective	09099999991049999999

Hedging Effective – Variable Annuity Guarantees Under SSAP No.108

Interest Rate Call Options and Warrants	1059999999
Credit Default Put Options	1069999999
Foreign Exchange Caps	1079999999
Total Return Floors	1089999999
Collars	1099999999
Other	11010999999999
Subtotal – Hedging Effective	11111099999999

Hedging Other

Interest Rate	091999999911211199999999
Credit Default	092999999911311299999999
Foreign Exchange	093999999911411399999999
Total Return	094999999911511499999999
Other	095999999911611599999999
Subtotal – Hedging Other	096999999911711699999999

Replication

Interest Rate	0979999999	1181179999999
Credit Default.....	0989999999	1191189999999
Foreign Exchange	0999999999	1201199999999
Total Return	1009999999	1211209999999
Other	1019999999	1221219999999
Subtotal – Replication.....	1029999999	1231229999999

Income Generation

Interest Rate	1039999999	1241239999999
Credit Default.....	1049999999	1251249999999
Foreign Exchange	1059999999	1261259999999
Total Return	1069999999	1271269999999
Other	1079999999	1281279999999
Subtotal – Income Generation.....	1089999999	1291289999999

Other

Interest Rate	1099999999	1301299999999
Credit Default.....	1109999999	1311309999999
Foreign Exchange	1119999999	1321319999999
Total Return	1129999999	1331329999999
Other	1139999999	1341339999999
Subtotal – Other	1149999999	1351349999999

Total Swaps

Subtotal – Interest Rate	1159999999	1361359999999
Subtotal – Credit Default	1169999999	1371369999999
Subtotal – Foreign Exchange	1179999999	1381379999999
Subtotal – Total Return	1189999999	1391389999999
Subtotal – Other	1199999999	1401399999999
Subtotal – Total Swaps	1209999999	1411409999999

Forwards

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.	1219999999	1421419999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....		1431429999999
Hedging Other	1229999999	1441439999999
Replication	1239999999	1451449999999
Income Generation	1249999999	1461459999999
Other.....	1259999999	1471469999999
Subtotal – Forwards	1269999999	1481479999999

SSAP No. 108 Adjustments

Offset to VM-21		1489999999
Recognized and Deferred Assets or Liabilities		1499999999
Subtotal – SSAP No. 108 Adjustments		1509999999

Totals:

Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108	1399999999	1689999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....		1699999999
Subtotal – Hedging Other.....	1409999999	1709999999
Subtotal – Replication	1419999999	1719999999
Subtotal – Income Generation	1429999999	1729999999
Subtotal – Other	1439999999	1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives		1749999999

Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1449999999	1759999999
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Definitions:

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*.

Hedging Effective –Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees*, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under *SSAP No. 86—Derivatives*, guidance of the reporting date.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments as described under *SSAP No. 86—Derivatives*. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under *SSAP No. 86—Derivatives*.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in *SSAP No. 86—Derivatives*). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Value of One (1) Point:

The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as “Lot Size,” “Lots” or “Points” by the exchange.

Interest rate and currency swap [where receive/(pay) notional amounts are denominated in different currencies], are filed under the “Foreign Exchange” swap subcategory.

Include all options, caps, floors, collars, swaps and forwards owned as of the current statement date, including those owned on December 31 of the previous year, and those acquired during the current year.

↓ **====** **Detail Eliminated to Conserve Space** **====** ↓

Column 1 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

Include details such as:

- For options, the basis. For example, caps should include the underlying interest rate (e.g., CMS 5 year) and frequency of the reset (typically three months);
- For credit default swaps, the name of the reference entity (a single issuer or an index) and the equity ticker symbol, if available;
- For currency derivatives, report the currency and describe the pay/receive (or buy/sell) legs of the transaction; and
- For baskets, note that it is a basket and include the top five equity tickers, if applicable.
- For derivatives with financing premiums, include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Where leveraging is a feature of the payment terms, the multiplier effect will be clearly presented in the description.

For swaptions, include the hedge ID number, the tenor of the option (i.e., time from effective date to maturity date of the option aspect), and the start and end dates of the underlying swap.

If traded on an exchange, disclose the ticker symbol. Indicate the maturity of the underlying, as appropriate.

Do not use internal descriptions or identifiers unless provided as supplemental information.

~~For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001).~~



Column 15 – Code

Insert * in this column if the book/adjusted carrying value is combined with the book/adjusted carrying value of assets or liabilities hedged; the book/adjusted carrying value is combined with the book/adjusted carrying value of underlying/covering assets; or if the amount is combined with consideration paid on underlying/covering assets.

Insert # in this column if the book/adjusted carrying value was combined in prior years with the book/adjusted carrying value of assets or liabilities hedged.

Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.

Insert ^ in this column if the derivative has unpaid financing premiums.

For Clearly Defined Hedging Strategy (CDHS) instruments:

Insert \$ in this column for derivatives held in a SSAP 108 CDHS throughout the current reporting period (or since inception if shorter) ~~hedging instruments moved to hedge variable annuity derivatives.~~

Insert & in this column for derivatives repurposed from a SSAP 108 CDHS to SSAP 86 during the current reporting period ~~hedging instruments removed from hedging variable annuity derivatives.~~

Insert ! in this column for derivatives previously held that were designated from SSAP 86 to a SSAP 108 CDHS during the current reporting period ~~hedging instruments removed to the variable annuity guarantees derivative as the variable annuities derivative program was no longer effective.~~

Insert ~ in this column for CDHS hedging instruments removed to the variable annuity guarantees derivative as the variable annuities derivative program was terminated.



Detail Eliminated to Conserve Space



Column 17 – Unrealized Valuation Increase/(Decrease)

For purposes of this schedule, **increases** should be reported when the change results in an increase to the asset or a decrease to the liability. A **decrease** should be reported when the change results in a decrease to the asset or an increase to the liability.

The total unrealized valuation increase/(decrease) for a specific derivative will be the change in Book/Adjusted Carrying Value that is due to carrying or having carried (in the previous year) the derivative at Fair Value.

These amounts are to be reported as unrealized capital gains(losses) in the Exhibit of Capital Gains/(Losses) and in the Capital and Surplus Account. For SSAP No. 108 Derivatives, the entire change in fair value shall be initially reported as an unrealized change, with adjustments shown to represent the amounts removed from unrealized and recognized as realized or deferred assets/liabilities under the provisions of SSAP No. 108. The Column 17 summary Total (i.e. line 1709999999) should reflect only unrealized gains or losses remaining after the Total Adjustments for SSAP No. 108 Derivatives.

This should only equal the portion that was recognized as an unrealized gain or loss.



Detail Eliminated to Conserve Space



Column 23 – Hedge Effectiveness at Inception and at Quarter-end

For hedge transactions, show, as a percentage, expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage, at current statement date.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction.
- At current statement date.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction.
- At current statement date.



Column 32 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Purchased Options	Lines 0089999999 through 0139999999
Written Options	Lines 0579999999 through 0629999999
Swaps	Lines 1059999999 through 1099999999
Forwards	Lines 1419999999 through 1469999999

SCHEDULE DB – PART B – SECTION 1

FUTURES CONTRACTS OPEN

In each Section, separate derivative instruments into the following categories:

<u>Category</u>	<u>Line Number</u>
Long Futures:	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1279999999 1519999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1529999999
Hedging Other.....	1289999999 1539999999
Replication.....	1299999999 1549999999
Income Generation.....	1309999999 1559999999
Other.....	1319999999 1569999999
Subtotal – Long Futures.....	1329999999 1579999999
Short Futures:	
Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1339999999 1589999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1599999999
Hedging Other.....	1349999999 1609999999
Replication.....	1359999999 1619999999
Income Generation.....	1369999999 1629999999
Other.....	1379999999 1639999999
Subtotal – Short Futures.....	1389999999 1649999999
SSAP No. 108 Adjustments	
Offset to VM-21.....	1659999999
Recognized and Deferred Assets or Liabilities.....	1669999999
Subtotal – SSAP No. 108 Adjustments.....	1679999999
Totals:	
Subtotal – Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108.....	1399999999 1689999999
Hedging Effective – Variable Annuity Guarantees Under SSAP No.108.....	1699999999
Subtotal – Hedging Other.....	1409999999 1709999999
Subtotal – Replication.....	1419999999 1719999999
Subtotal – Income Generation.....	1429999999 1729999999
Subtotal – Other.....	1439999999 1739999999
Subtotal – Adjustments for SSAP No. 108 Derivatives.....	1749999999
Total (Sum of Lines 1689999999, 1699999999, 1709999999, 1719999999, 1729999999, 1739999999 and 1749999999).....	1449999999 1759999999

Definitions:

Hedging Effective – Excluding Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in *SSAP No. 86—Derivatives*, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date. Excludes derivative transactions that are used in hedging transactions for variable annuity guarantees under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees.

Hedging Effective –Variable Annuity Guarantees Under SSAP No.108:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in SSAP No. 108—Derivative Hedging Variable Annuity Guarantees, which are reported at fair value pursuant to SSAP No. 108.

Hedging Other:

A derivative transaction that is used in a hedging transaction where the intent is for an economic reduction of one or more risk factors. This transaction is not part of an effectively designated relationship as described under SSAP No. 86—Derivatives, guidance of the reporting date.

Replication:

A derivative transaction entered into in conjunction with other investments in order to reproduce the investment characteristics of otherwise permissible investments described under SSAP No. 86—Derivatives, guidance. A derivative transaction entered into by a reporting entity as a hedging or income generation transaction shall not be considered a replication (synthetic asset) transaction. These transactions are considered to be replications as of the reporting date.

Income Generation:

A derivative transaction written or sold to generate additional income or return to the reporting entity as described under SSAP No. 86—Derivatives.

Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation definition listed above or referenced in SSAP No. 86—Derivatives. When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Include all futures contracts positions open as of the current statement date, including those that were open on December 31 of the previous year and those acquired during current year.

In the Broker Name/Net Cash Deposits footnote, list, in alphabetical sequence, brokers with whom cash deposits have been made, cumulative changes made to the deposits and the beginning and ending cash balances.

↓ **====** **Detail Eliminated to Conserve Space** **====** ↓

Column 4 – Description

Give a complete and accurate description of the derivative instrument, including a description of the underlying securities, currencies, rates, indices, commodities, derivative instruments or other financial market instruments.

For derivatives with financing premiums include information on the terms of the financing premium, including whether it is due periodically or at maturity, and the next payment date.

Do not use internal descriptions or identifiers unless provided as supplemental information.

~~For Clearly Defined Hedging Strategies (CDHS) in the event there is more than one hedging strategy, the description the reporting entity shall include a unique identifier as part of the hedging instrument description (e.g., CDHS #001).~~

↓ **====** **Detail Eliminated to Conserve Space** **====** ↓

Column 21 – Hedge Effectiveness at Inception / and at Quarter-end

For hedge transactions, show, as a percentage, expressed as (XX / YY), where “XX” shows the hedge effectiveness percentage at inception and “YY” shows the hedge effectiveness percentage at reporting date.

For example, 100.45% hedge effectiveness at inception and 94.90% hedge effectiveness on December 31 of the current year is reported as “100 / 95.”

Round to the nearest whole percentage. Do not use decimals.

When hedge effectiveness cannot be calculated, enter a reference code number in this column (e.g., 0001, 0002, etc.) then disclose the financial or economic impact of the hedge at the end of the reporting period in Schedule DB footnotes for each reference code number used in the schedule.

A reference code number may be used multiple times in this column to indicate the same explanation.

For example: 0001 Reduces bond portfolio duration by .2 years.

0002 Instrument was repurposed from SSAP No. 108; CDHS #001; hedged interest rate risks of assets.

0003 Instrument in CDHS #001 Rider Claims Less Rider Fees in VA Contracts – 50% of Rho SSAP 108 hedge; 100% Effective.

a) Fair Value Hedges:

How much of the change in value of the hedged item(s) was hedged by the change in value of the derivative, both:

- At the inception of the derivative transaction.
- At reporting date.

b) Cash Flow Hedges:

How much of the change in cash flows or present value of cash flows of the hedged item(s) was hedged by the change in cash flows or present value of cash flows of the derivative, both:

- At the inception of the derivative transaction.
- At reporting date.



Column 30 – CDHS Identifier

Provide a unique identifier for each Clearly Defined Hedging Strategy (CDHS) reported on this schedule (e.g., 001, 002, etc.). This identifier will also be used for reporting of the CDHS in Column 1 of Schedule DB, Part E.

This column should only be used for the following line numbers:

Long Futures Lines 1279999999 through 1319999999

Short Futures Lines 1339999999 through 1379999999

ASSETS



Details of Write-ins Aggregated at Line 25 for Other-Than-Invested-Assets

List separately each category of assets (other-than-invested-assets) for which there is no pre-printed line on Page 2.

- Include:
- Equities and deposits in pools and associations.
 - COLI – Report the cash value of corporate owned life insurance including amounts under split dollar plans.
 - Consideration paid for retroactive reinsurance contract(s). Refer to *SSAP No. 62R—Property and Casualty Reinsurance*.
 - Other Receivables – Report any other reimbursement due the reporting entity.
 - Prepaid pension cost and the intangible asset resulting from recording an additional liability with a description of “prepaid pension cost” and “intangible pension asset,” respectively. See *SSAP No. 102—Pensions*, for guidance.
 - Receivables for securities not received within 15 days of the settlement date are classified as other-than-invested-assets and nonadmitted per *SSAP No. 21R—Other Admitted Assets*.

For Property/Casualty Companies:

- Amounts accrued for reimbursement of high deductible claims paid by the reporting entity. Refer to *SSAP No. 65—Property and Casualty Contracts* for accounting guidance.
- Annuities at their present value purchased to fund future fixed loss payments. Refer to *SSAP No. 65—Property and Casualty Contracts*.
- Reinsurance premiums paid by a ceding entity prior to the effective date of the contract. Refer to *SSAP No. 62R—Property and Casualty Reinsurance* for accounting guidance.

For Life and Health Companies:

- Reinsurance premiums paid by a ceding entity prior to the due date. Refer to *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance*.

For Life, Accident & Health and Fraternal Companies:

- Any negative IMR that is nonadmitted.

Deferred assets for hedging relationships qualifying for and applying the special accounting treatment described in SSAP No. 108. ~~Deferred assets for Clearly Defined Hedging Strategies (CDHS)~~. See *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* for guidance.



LIABILITIES, SURPLUS AND OTHER FUNDS



Detail Eliminated to Conserve Space

Details of Write-ins Aggregated at Line 25 for Liabilities

List separately each category of liability for which there is no pre-printed line on Page 3.

- Include:**
- Uncashed drafts and checks that are pending escheatment to a state.
 - Interest paid in advance on mortgage loans, rents paid in advance and retroactive reinsurance amounts, if any.
 - Estimated amount of rate credits to group policyholders on premiums earned to and including December 31, if not included elsewhere.
 - Servicing liabilities as described in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
 - Unearned compensation for employee stock ownership plan stock options issued and stock purchase and award plans. Refer to *SSAP No. 12—Employee Stock Ownership Plans* and *SSAP No. 104R—Share-Based Payments* for accounting guidance.
 - Amount recorded as required by the additional minimum liability calculation with a description of “additional pension liability.” See *SSAP No. 102—Pensions* for guidance.
 - Deferred liabilities for hedging relationships qualifying for and applying the special accounting treatment described in SSAP No. 108. ~~Deferred liabilities for Clearly Defined Hedging Strategies (CDHS)~~. See *SSAP No. 108—Derivative Hedging Variable Annuity Guarantees* for guidance
- Exclude:**
- Accumulations of coupons, guaranteed annual pure endowments not exceeding the annual premium and similar benefits.
 - All voluntary and general contingency reserves, group life contingency reserves, and other special surplus funds not in the nature of liabilities.

Details of Write-ins Aggregated at Line 31 for Items Other-Than-Special Surplus Funds

Enter separately by category the amount of guaranty fund notes, contribution certificates, statutory deposits of alien insurers, or similar funds other than capital stock, with appropriate descriptions. The aggregate amount of all surplus notes required or which are a prerequisite for purchasing an insurance contract and are held by the policyholder should be listed as a separate item.

Details of Write-ins Aggregated at Line 34 for Special Surplus Funds

Enter separately only voluntary and general contingency reserves, group life contingency reserves, and other special surplus funds that are not in the nature of liabilities.

Include: Estimated subsequent year assessment for the federal Affordable Care Act (ACA) Section 9010 fee for the data year reclassified from unassigned surplus. See *SSAP No. 106—Affordable Care Act Section 9010 Assessment* for accounting guidance.

~~For hedging relationships qualifying for and applying the special accounting treatment described in SSAP No. 108 For Clearly Defined Hedging Strategies (CDHS) include an amount equal to the net deferred asset and deferred liability (net amount for all deferrals made in accordance with from all hedging strategies/programs captured within the guidance of SSAP No. 108—Derivative Hedging Variable Annuity Guarantees) shall be allocated from unassigned funds to special surplus.)~~

↓ ===== **Detail Eliminated to Conserve Space** ===== ↓

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

⌞
⌟
⌞
⌟

Detail Eliminated to Conserve Space

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [] No []

⌞
⌟
⌞
⌟

Detail Eliminated to Conserve Space

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No []

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes [] No [] N/A []

Lines 26.3 through 26.5 are for Life/Fraternal companies only.

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No []

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

26.41 Special Accounting Provision of SSAP No. 108	Yes [] No []
26.42 Permitted Accounting Practice	Yes [] No []
26.43 Other Accounting Guidance	Yes [] No []

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, does the reporting entity attest to the following: Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No []

27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

⌞
⌟
⌞
⌟

Detail Eliminated to Conserve Space

SCHEDULE DB – PART A – VERIFICATION BETWEEN YEARS

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/adjusted carrying value, December 31, prior year (Line 9, prior year)	_____	_____
2.	Cost paid/(consideration received) on additions:		
2.1	Current year paid/(consideration received) at time of acquisition, still open, Section 1, Column 12	_____	_____
2.2	Current year paid/(consideration received) at time of acquisition, terminated, Section 2, Column 14	_____	_____
3.	Unrealized valuation increase/(decrease):		
3.1	Section 1, Column 17	_____	_____
3.2	Section 2, Column 19	_____	_____
4.	SSAP No. 108 Adjustments	_____	_____
45.	Total gain (loss) on termination recognized, Section 2, Column 22	_____	_____
56.	Considerations received/(paid) on terminations, Section 2, Column 15	_____	_____
67.	Amortization:		
67.1	Section 1, Column 19	_____	_____
67.2	Section 2, Column 21	_____	_____
78.	Adjustment to the book/adjusted carrying value of hedged item:		
78.1	Section 1, Column 20	_____	_____
78.2	Section 2, Column 23	_____	_____
89.	Total foreign exchange change in book/adjusted carrying value:		
89.1	Section 1, Column 18	_____	_____
89.2	Section 2, Column 20	_____	_____
910.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6+7+8+9-5+6+7+8)	_____	_____
4011.	Deduct nonadmitted assets	_____	_____
412.	Statement value at end of current period (Line 9-10 minus Line 4011)	_____	_____

SCHEDULE DB – PART B – VERIFICATION BETWEEN YEARS

Futures Contracts

1.	Book/adjusted carrying value, December 31 of prior year (Line 6, prior year)	_____	_____
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change Column).....	_____	_____
3.1	Add:		
	Change in variation margin on open contracts – Highly effective hedges:		
3.11	Section 1, Column 15, current year minus	_____	_____
3.12	Section 1, Column 15, prior year.....	_____	_____
	Change in the variation margin on open contracts – All other:		
3.13	Section 1, Column 18, current year minus	_____	_____
3.14	Section 1, Column 18, prior year.....	_____	_____
3.2	Add:		
	Change in adjustment to basis of hedged item:		
3.21	Section 1, Column 17, current year to date minus.....	_____	_____
3.22	Section 1, Column 17, prior year.....	_____	_____
	Change in amount recognized		
3.23	Section 1, Column 19, current year to date minus.....	_____	_____
3.24	Section 1, Column 19, prior year plus	_____	_____
3.25	SSAP No. 108 Adjustments.....	_____	_____
3.3	Subtotal (Line 3.1 minus Line 3.2)	_____	_____
4.1	Cumulative variation margin on terminated contracts during the year (Section 2, Column 15).....	_____	_____
4.2	Less:		
4.21	Amount used to adjust basis of hedged item (Section 2, Column 17)	_____	_____
4.22	Amount recognized (Section 2, Column 16)	_____	_____
4.23	SSAP No. 108 Adjustments.....	_____	_____
4.3	Subtotal (Line 4.1 minus Line 4.2)	_____	_____
5.	Dispositions gains (losses) on contracts terminated in prior year:		
5.1	Total gain (loss) recognized for terminations in prior year	_____	_____
5.2	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year	_____	_____
6.	Book/adjusted carrying value at end of current period (Lines 1+2+3.3-4.3-5.1-5.2)	_____	_____
7.	Deduct total nonadmitted amounts	_____	_____
8.	Statement value at end of current period (Line 6 minus Line 7).....	_____	_____

QUARTERLY STATEMENT BLANK – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE DB – PART A – VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	_____
2.	Cost Paid/(Consideration Received) on additions	_____
3.	Unrealized Valuation increase/(decrease)	_____
4.	<u>SSAP No. 108 Adjustments</u>	_____
45.	Total gain (loss) on termination recognized	_____
56.	Considerations received/(paid) on terminations	_____
67.	Amortization	_____
78.	Adjustment to the Book/Adjusted Carrying Value of hedged item	_____
89.	Total foreign exchange change in Book/Adjusted Carrying Value	_____
910.	Book/Adjusted Carrying Value at End of Current Period (Lines 1+2+3+4+5-6+7+8+9-5+6+7+8)	_____
4011.	Deduct nonadmitted assets	_____
4412.	Statement value at end of current period (Line 9-10 minus Line 4011)	_____

SCHEDULE DB – PART B – VERIFICATION

Futures Contracts

1.	Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year)	_____
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote – Cumulative Cash Change column).....	_____
3.1	Add:	
	Change in variation margin on open contracts – Highly Effective Hedges	
3.11	Section 1, Column 15, current year to date minus	_____
3.12	Section 1, Column 15, prior year.....	_____
	Change in variation margin on open contracts – All Other	
3.13	Section 1, Column 18, current year to date minus	_____
3.14	Section 1, Column 18, prior year.....	_____
3.2	Add:	
	Change in adjustment to basis of hedged item	
3.21	Section 1, Column 17, current year to date minus.....	_____
3.22	Section 1, Column 17, prior year	_____
	Change in amount recognized	
3.23	Section 1, Column 19, current year to date minus.....	_____
3.24	Section 1, Column 19, prior year <u>plus</u>	_____
3.25	<u>SSAP No. 108 Adjustments</u>	_____
3.3	Subtotal (Line 3.1 minus Line 3.2).....	_____
4.1	Cumulative variation margin on terminated contracts during the year.....	_____
4.2	Less:	
4.21	Amount used to adjust basis of hedged item	_____
4.22	Amount recognized	_____
4.23	<u>SSAP No. 108 Adjustments</u>	_____
4.3	Subtotal (Line 4.1 minus Line 4.2).....	_____
5.	Dispositions gains (losses) on contracts terminated in prior year:	
5.1	Total gain (loss) recognized for terminations in prior year	_____
5.2	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year.....	_____
6.	Book/Adjusted carrying value at end of current period (Lines 1+2+3.3-4.3-5.1-5.2)	_____
7.	Deduct total nonadmitted amounts	_____
8.	Statement value at end of current period (Line 6 minus Line 7).....	_____

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE DB – PART E

Derivatives Hedging Variable Annuity Guarantees as of December 31 of Current Year

This schedule is specific for the derivatives and the hedging programs captured in SSAP No. 108

CDHS		Hedged Item								Hedging Instruments								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Identifier	Description	Prior Fair Value in Full Contract Cash Flows Attributed to Interest Rates	Ending Fair Value in Full Contract Cash Flows Attributed to Interest Rates	Fair Value Gains (Loss) in Full Contract Cash Flows Attributed to Interest Rates (Col 4-Col 3)	Fair Value Gain (Loss) in Hedged Item Attributed to Hedged Risk	Current Year Increase (Decrease) in VM-21 Liability Attributed to Interest Rates	Current Year Increase (Decrease) in VM-21 Liability Attributed to Interest Rates	Change in the Hedged Item Attributed to Hedged Risk Percentage (Col 6/Col 5)	Current Year Increase (Decrease) in VM-21 Liability Attributed to Hedged Risk (Col 8*Col 9)	Prior Deferred Balance	Current Year Fair Value Fluctuation of the Hedge Instruments	Current Year Natural Offset to VM-21 Liability	Hedging Instruments' Current Fair Value Fluctuation Not Attributed to Hedged Risk	Hedge Gain (Loss) in Current Year Deferred Adjustment (Col 12-(Col 13+Col 14))	Current Year Prescribed Deferred Amortization	Current Year Additional Deferred Amortization	Current Year Total Deferred Amortization (Col 16+Col 17)	Ending Deferred Balance (Col 11+Col 15+Col 18)
Total																		

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