Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: Reporting of Funds Withheld and Modco Assets**

**Check (applicable entity):**

P/C Life Health

Modification of Existing SSAP

New Issue or SSAP

Interpretation

Description of Issue: During 2023, as a result of rising interest rates, the Statutory Accounting Principles (E) Working Group addressed the issue of net negative (disallowed) interest maintenance reserve for statutory accounting with *Interpretation (INT) 23-01 Negative (Disallowed) Interest Maintenance Reserve*, as a short-term solution. Later in 2023, the IMR Ad Hoc Group was formed to find a more permanent solution to address IMR for statutory accounting. During the IMR Ad Hoc Group’s review process and discussions, it was noted that there were issues with identifying assets that are subject to funds withheld or modified coinsurance (modco) arrangements within the financial statements and reporting schedules. The intent of this agenda item is to make it easier to identify assets that are subject to a funds withheld or modco arrangements through updated reporting in the financials. This agenda item does not intend to change statutory accounting for these arrangements.

Funds withheld and modco arrangements are defined in the glossary to *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance*:

* Funds withheld assets - “*Assets that would normally be paid over to a reinsurer but are withheld by the ceding entity to permit statutory credit for nonadmitted reinsurance, to reduce a potential credit risk, or to retain control over investments. Under certain conditions, the reinsurer may withhold funds from the ceding entity*.”
* Modco arrangements - “*Indemnity life insurance that differs from coinsurance only in that the reserves are retained by the ceding entity, which represents a prepayment of all or a portion of the reinsurer’s future obligation. Periodically an adjustment is made to the mean reserve on deposit with the ceding entity. This is usually done quarterly but may be done more frequently. If the reserve increases, the increase in mean reserve less interest on the mean reserve held at the end of the previous accounting period is paid by the reinsurer to the ceding entity. If the mean reserve decreases, the decrease and interest are paid by the ceding entity to the reinsurer. The appropriate interest rate is defined in the treaty*.”

Although this issue of clarity of reporting of funds withheld and modco assets was raised as part of the IMR project, which is focused on life insurance, funds withheld also exist for property/casualty insurance, so this agenda item proposes to add this updated reporting to all the annual statement blanks.

The initial recommendation is to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks. The new part would be similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modco assets.

Existing Authoritative Literature:

Funds withheld and modco arrangements are noted in *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance*. Funds withheld are also discussed in *SSAP No. 62—Property and Casualty Reinsurance* and Appendix A-785 Credit for Reinsurance.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None.

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**

None

**Convergence with International Financial Reporting Standards (IFRS):** None

Staff Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing of the maintenance agenda categorized as a SAP clarification and expose the recommendation to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks, that is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modco assets.

Staff Review Completed by: Jake Stultz, NAIC Staff—February 2024

**Summer 2024 Updated Staff Recommendation:**

**NAIC staff recommend that the Working Group expose the draft of the new reporting schedules (included in Exhibit 1 of this Form A), which add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks and direct NAIC staff to continue working with interest parties on this proposal.**

**The Life RBC formula reflects a reduction in RBC charges for modco and funds withheld assets. This reduction is by asset type and often by asset designation. The fair value of the assets withheld is also reported in the reinsurance Schedules S and F as collateral. Accordingly, to accomplish both things, asset-by-asset identification is necessary. Therefore, some of the submitted comments regarding not being able to identify assets withheld which are not held in trust would indicate a disconnect. Comments are requested regarding if the assets cannot be identified, then how are the numbers determined for the life risk-based capital charge reductions reported and the collateral fair value.**

**Spring 2025 Updated Staff Recommendation:**

**NAIC staff recommend that the Working Group expose the draft of the new reporting schedule (included in Exhibit 1 of this Form A), which add a new part to the reinsurance Schedule S in the Life/Fraternal. After reviewing the comment letters received and discussions with interested parties, the updated draft of the schedule follows closely with the recommendations that were received. There is now only a new Schedule S, Part 8 for the Life/Fraternal Instructions and Blank, and these new disclosures will not be required for Health companies or for P&C and Title companies. Additionally, the new draft schedule includes aggregated data and follows closely with AVR reporting. A corresponding SAPWG sponsored blanks proposal was exposed by the Blanks (E) Working Group on March 6. The full Schedule S, Part 8 blank and instructions is included in Exhibit 1 below.**

**If Working Group members continue to support inclusion of comparable schedules in the P/C and Health blanks, NAIC staff can include those items in the exposure and direct their inclusion in the Blank proposal.**

Status:

On March 16, 2024, the Statutory Accounting Principles (E) Working Group exposed a project which proposes to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty (P/C) and Title annual statement blanks, which is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modified coinsurance assets.

On August 13, 2024, the Statutory Accounting Principles (E) Working Group exposed this agenda item which proposes to add a new part to the reinsurance Schedule S in the Life/Fraternal and Health annual statement blanks and Schedule F in the Property/Casualty and Title annual statement blanks as illustrated on the following pages. In response to comments submitted that indicated that non-trust assets could not be identified, the Working Group also specifically requested comments asking if the assets cannot be identified, then how are the numbers determined for the life risk-based capital charge reductions reported and the collateral fair value?

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/03-24-25 Spring National Meeting/Hearing/05 - 24-07 - Modco Reporting.docx

**Exhibit 1, Draft Schedule S, Part 8 Instructions and Blanks**

*Note: Exhibit 1, which included the original draft changes to the Annual Statement Instructions and Blanks from the prior exposure has been removed from this version for clarity. The Spring 2025 exposure is only a new Schedule S, Part 8 for the Life/Fraternal Blanks.*

**Life/Fraternal Instructions**

**SCHEDULE S − PART 8**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

This section should include data on all modified coinsurance (MODCO) and other reinsurance transactions with funds withheld as of December 31, current year.

If a reporting entity’s detail lines report any of the following required categories, it shall report the subtotal amount of the corresponding category, with the specified subtotal line number appearing in the same manner and location as the pre-printed total line and number.

Column 1 & 2 – Ceded General Account Assets

Report the FWH and MODCO ceded amounts for the reporting entity’s general account.

Column 3 & 4 – Ceded Guaranteed Separate Account Assets

Report the FWH and MODCO ceded guaranteed amounts for the reporting entity’s separate account.

Column 5 & 6 – Total Ceded Assets

Report the Total Ceded Assets for the reporting entity’s general and separate account.

Column 5 should equal Column 1 plus Column 3

Column 6 should equal Column 2 plus Column 4

Column 7 & 8 – Assumed General Account Assets

Report the FWH and MODCO assumed general account amounts by the reporting entity.

Column 9 & 10 – Assumed Guaranteed Separate Account Assets

Report the FWH and MODCO assumed general account guaranteed amounts by the reporting entity.

Column 11 & 12 – Total Assumed Assets

Report the Total Assumed Assets by the reporting entity.

Column 11 should equal Column 7 plus Column 9

Column 12 should equal Column 8 plus Column 10

**SCHEDULE S PART 8**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**DEFAULT COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | LONG-TERM BONDS |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Exempt Obligations |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.1 | NAIC Designation Category 1.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.2 | NAIC Designation Category 1.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.3 | NAIC Designation Category 1.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.4 | NAIC Designation Category 1.D |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.5 | NAIC Designation Category 1.E |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.6 | NAIC Designation Category 1.F |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.7 | NAIC Designation Category 1.G |  |  |  |  |  |  |  |  |  |  |  |  |
| 2.8 | Subtotal NAIC 1 (2.1+2.2+2.3+2.4+2.5+2.6+2.7) |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.1 | NAIC Designation Category 2.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.2 | NAIC Designation Category 2.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3 | NAIC Designation Category 2.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4 | Subtotal NAIC 2 (3.1+3.2+3.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 4.1 | NAIC Designation Category 3.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 4.2 | NAIC Designation Category 3.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 4.3 | NAIC Designation Category 3.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 4.4 | Subtotal NAIC 3 (4.1+4.2+4.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.1 | NAIC Designation Category 4.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.2 | NAIC Designation Category 4.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.3 | NAIC Designation Category 4.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.4 | Subtotal NAIC 4 (5.1+5.2+5.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 6.1 | NAIC Designation Category 5.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 6.2 | NAIC Designation Category 5.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 6.3 | NAIC Designation Category 5.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 6.4 | Subtotal NAIC 5 (6.1+6.2+6.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | NAIC 6 |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 | Total Unrated Multi-Class Securities Acquired by Conversion |  |  |  |  |  |  |  |  |  |  |  |  |
| 9 | Total Long-Term Bonds (Sum of Lines 1+2.8+3.4+4.4+5.4+6.4 +7+8) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | PREFERRED STOCKS |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 | Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 14 | Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 | In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 16 | Affiliated Life with AVR |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Total Preferred Stocks (Sum of Lines 10 through 16) |  |  |  |  |  |  |  |  |  |  |  |  |

**SCHEDULE S PART 8 (Continued)**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**DEFAULT COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | SHORT-TERM BONDS |  |  |  |  |  |  |  |  |  |  |  |  |
| 18 | Exempt Obligations |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.1 | NAIC Designation Category 1.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.2 | NAIC Designation Category 1.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.3 | NAIC Designation Category 1.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.4 | NAIC Designation Category 1.D |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.5 | NAIC Designation Category 1.E |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.6 | NAIC Designation Category 1.F |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.7 | NAIC Designation Category 1.G |  |  |  |  |  |  |  |  |  |  |  |  |
| 19.8 | Subtotal NAIC 1 (19.1+19.2+19.3+19.4+19.5+19.6+19.7) |  |  |  |  |  |  |  |  |  |  |  |  |
| 20.1 | NAIC Designation Category 2.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 20.2 | NAIC Designation Category 2.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 20.3 | NAIC Designation Category 2.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 20.4 | Subtotal NAIC 2 (20.1+20.2+20.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 21.1 | NAIC Designation Category 3.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 21.2 | NAIC Designation Category 3.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 21.3 | NAIC Designation Category 3.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 21.4 | Subtotal NAIC 3 (21.1+21.2+21.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 22.1 | NAIC Designation Category 4.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 22.2 | NAIC Designation Category 4.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 22.3 | NAIC Designation Category 4.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 22.4 | Subtotal NAIC 4 (22.1+22.2+22.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 23.1 | NAIC Designation Category 5.A |  |  |  |  |  |  |  |  |  |  |  |  |
| 23.2 | NAIC Designation Category 5.B |  |  |  |  |  |  |  |  |  |  |  |  |
| 23.3 | NAIC Designation Category 5.C |  |  |  |  |  |  |  |  |  |  |  |  |
| 23.4 | Subtotal NAIC 5 (23.1+23.2+23.3) |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 | NAIC 6 |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 | Total Short-Term Bonds (18+19.8+20.4+21.4+22.4+23.4+24) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | DERIVATIVE INSTRUMENTS |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 | Exchange Traded |  |  |  |  |  |  |  |  |  |  |  |  |
| 27 | Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 | High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 29 | Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 30 | Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 | Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 32 | In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total Derivative Instruments |  |  |  |  |  |  |  |  |  |  |  |  |
| 34 | Total (Lines 9+ 17+ 25+ 33) |  |  |  |  |  |  |  |  |  |  |  |  |

**SCHEDULE S PART 8 (Continued)**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**DEFAULT COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
|  |  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|  |  | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | MORTGAGE LOANS |  |  |  |  |  |  |  |  |  |  |  |  |
|  | In Good Standing: |  |  |  |  |  |  |  |  |  |  |  |  |
| 35 | Farm Mortgages – CM1 – Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Farm Mortgages – CM2 – High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 37 | Farm Mortgages – CM3 – Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 | Farm Mortgages – CM4 – Low Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 39 | Farm Mortgages – CM5 – Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 40 | Residential Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 | Residential Mortgages – All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Commercial Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Commercial Mortgages – All Other – CM1 – Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 44 | Commercial Mortgages – All Other – CM2 – High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 | Commercial Mortgages – All Other – CM3 – Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 46 | Commercial Mortgages – All Other – CM4 – Low Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 | Commercial Mortgages – All Other – CM5 – Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Overdue, Not in Process: |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Farm Mortgages |  |  |  |  |  |  |  |  |  |  |  |  |
| 49 | Residential Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 | Residential Mortgages - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 51 | Commercial Mortgages - Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Commercial Mortgages - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
|  | In Process of Foreclosure: |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 | Farm Mortgages |  |  |  |  |  |  |  |  |  |  |  |  |
| 54 | Residential Mortgages - Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 55 | Residential Mortgages - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 56 | Commercial Mortgages - Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 | Commercial Mortgages - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 58 | Total Schedule B Mortgages (Sum of Lines 35 through 57) |  |  |  |  |  |  |  |  |  |  |  |  |

**SCHEDULE S PART 8**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**EQUITY AND OTHER INVESTED ASSET COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | COMMON STOCK |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Unaffiliated Public |  |  |  |  |  |  |  |  |  |  |  |  |
| 2 | Unaffiliated Private |  |  |  |  |  |  |  |  |  |  |  |  |
| 3 | Federal Home Loan Bank |  |  |  |  |  |  |  |  |  |  |  |  |
| 4 | Affiliated Life with AVR |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Affiliated Investment Subsidiary: |  |  |  |  |  |  |  |  |  |  |  |  |
| 5 | Fixed Income Exempt Obligations |  |  |  |  |  |  |  |  |  |  |  |  |
| 6 | Fixed Income Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Fixed Income High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 | Fixed Income Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 9 | Fixed Income Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Fixed Income Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Fixed Income In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 | Unaffiliated Common Stock Public |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Unaffiliated Common Stock Private |  |  |  |  |  |  |  |  |  |  |  |  |
| 14 | Real Estate |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 | Affiliated-Certain Other (See SVO Purposes & Procedures Manual) |  |  |  |  |  |  |  |  |  |  |  |  |
| 16 | Affiliated - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Total Common Stock (Sum of Lines 1 through 16) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | REAL ESTATE |  |  |  |  |  |  |  |  |  |  |  |  |
| 18 | Home Office Property (General Account only) |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 | Investment Properties |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 | Properties Acquired in Satisfaction of Debt |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | Total Real Estate (Sum of Lines 18 through 20) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | OTHER INVESTED ASSETS |  |  |  |  |  |  |  |  |  |  |  |  |
|  | INVESTMENTS WITH THE UNDERLYING |  |  |  |  |  |  |  |  |  |  |  |  |
|  | CHARACTERISTICS OF BONDS |  |  |  |  |  |  |  |  |  |  |  |  |
| 22 | Exempt Obligations |  |  |  |  |  |  |  |  |  |  |  |  |
| 23 | Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 | High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 | Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 | Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 27 | Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 | In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 29 | Total with Bond Characteristics (Sum of Lines 22 through 28) |  |  |  |  |  |  |  |  |  |  |  |  |

**SCHEDULE S PART 8 (Continued)**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**EQUITY AND OTHER INVESTED ASSET COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | INVESTMENTS WITH THE UNDERLYING |  |  |  |  |  |  |  |  |  |  |  |  |
|  | CHARACTERISTICS OF PREFERRED STOCKS |  |  |  |  |  |  |  |  |  |  |  |  |
| 30 | Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 | High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 32 | Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 34 | Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 35 | In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Affiliated Life with AVR |  |  |  |  |  |  |  |  |  |  |  |  |
| 37 | Total with Preferred Stock Characteristics |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (Sum of Lines 30 through 36) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | INVESTMENTS WITH THE UNDERLYING |  |  |  |  |  |  |  |  |  |  |  |  |
|  | CHARACTERISTICS OF MORTGAGE LOANS |  |  |  |  |  |  |  |  |  |  |  |  |
|  | In Good Standing Affiliated: |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 | Mortgages – CM1 – Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 39 | Mortgages – CM2 – High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 40 | Mortgages – CM3 – Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 | Mortgages – CM4 – Low Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Mortgages – CM5 – Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Residential Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 44 | Residential Mortgages – All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 | Commercial Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Overdue, Not in Process Affiliated: |  |  |  |  |  |  |  |  |  |  |  |  |
| 46 | Farm Mortgages |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 | Residential Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Residential Mortgages – All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 49 | Commercial Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 | Commercial Mortgages –- All Other |  |  |  |  |  |  |  |  |  |  |  |  |
|  | In Process of Foreclosure Affiliated: |  |  |  |  |  |  |  |  |  |  |  |  |
| 51 | Farm Mortgages |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Residential Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 | Residential Mortgages – All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 54 | Commercial Mortgages – Insured or Guaranteed |  |  |  |  |  |  |  |  |  |  |  |  |
| 55 | Commercial Mortgages – All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 56 | Total Affiliated (Sum of Lines 38 through 55) |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 | Unaffiliated – In Good Standing With Covenants |  |  |  |  |  |  |  |  |  |  |  |  |
| 58 | Unaffiliated – In Good Standing Defeased With Government Securities |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Unaffiliated – In Good Standing Primarily Senior |  |  |  |  |  |  |  |  |  |  |  |  |
| 60 | Unaffiliated – In Good Standing All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Unaffiliated – Overdue, Not in Process |  |  |  |  |  |  |  |  |  |  |  |  |
| 62 | Unaffiliated – In Process of Foreclosure |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | Total Unaffiliated (Sum of Lines 57 through 62) |  |  |  |  |  |  |  |  |  |  |  |  |
| 64 | Total with Mortgage Loan Characteristics (Lines 56 + 63) |  |  |  |  |  |  |  |  |  |  |  |  |

**SCHEDULE S PART 8 (Continued)**

**FUNDS WITHHELD AS OF DECEMBER 31, CURRENT YEAR**

**EQUITY AND OTHER INVESTED ASSET COMPONENT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Ceded General Account Assets | | Ceded Guaranteed Separate Account Assets | | Total Ceded Assets | | Assumed General Account Assets | | Assumed Guaranteed Separate Account Assets | | Total Assumed Assets | |
|  |  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|  |  | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 1+3 | Modco B/ACV  Col 2+4 | FWH B/ACV | Modco B/ACV | FWH B/ACV | Modco B/ACV | FWH B/ACV  Col 7+9 | Modco B/ACV  Col 8+10 |
|  | INVESTMENTS WITH THE UNDERLYING |  |  |  |  |  |  |  |  |  |  |  |  |
|  | CHARACTERISTICS OF COMMON STOCK |  |  |  |  |  |  |  |  |  |  |  |  |
| 65 | Unaffiliated Public |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | Unaffiliated Private |  |  |  |  |  |  |  |  |  |  |  |  |
| 67 | Affiliated Life with AVR |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Affiliated Certain Other (See SVO Purposes & Procedures Manual) |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 | Affiliated Other - All Other |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | Total with Common Stock Characteristics |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (Sum of Lines 65 through 69) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | INVESTMENTS WITH THE UNDERLYING |  |  |  |  |  |  |  |  |  |  |  |  |
|  | CHARACTERISTICS OF REAL ESTATE |  |  |  |  |  |  |  |  |  |  |  |  |
| 71 | Home Office Property (General Account only) |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 | Investment Properties |  |  |  |  |  |  |  |  |  |  |  |  |
| 73 | Properties Acquired in Satisfaction of Debt |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 | Total with Real Estate Characteristics |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (Sum of Lines 71 through 73) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | INVESTMENTS IN TAX CREDIT STRUCTURES |  |  |  |  |  |  |  |  |  |  |  |  |
| 75 | Yield Guaranteed State Tax Credit Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 | Qualifying Federal Tax Credit Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 | Qualifying State Tax Credit Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 78 | Other Tax Credit Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 79 | Total Tax Credit Investments (Sum of Lines 75 through 78) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | RESIDUAL TRANCHES OR INTERESTS |  |  |  |  |  |  |  |  |  |  |  |  |
| 80 | Bonds – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 | Bonds – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 82 | Common Stock – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 83 | Common Stock – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 84 | Preferred Stock – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 | Preferred Stock – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 86 | Real Estate – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Real Estate – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 88 | Mortgage Loans – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Mortgage Loans – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 90 | Other – Unaffiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Other – Affiliated |  |  |  |  |  |  |  |  |  |  |  |  |
| 92 | Total Residual Tranches or Interests (Sum of Lines 80 through 91) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | INVESTMENTS WITH THE UNDERLYING  CHARACTERISTICS OF SURPLUS NOTES AND CAPITAL NOTES |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 | Highest Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | High Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 | Medium Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 96 | Low Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Lower Quality |  |  |  |  |  |  |  |  |  |  |  |  |
| 98 | In or Near Default |  |  |  |  |  |  |  |  |  |  |  |  |
| 99 | Total with Bond Characteristics (Sum of Lines 93 through 98) |  |  |  |  |  |  |  |  |  |  |  |  |
|  | ALL OTHER INVESTMENTS |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | NAIC 1 Working Capital Finance Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 101 | NAIC 2 Working Capital Finance Investments |  |  |  |  |  |  |  |  |  |  |  |  |
| 102 | Other Invested Assets - Schedule BA |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 | Other Short-Term Invested Assets - Schedule DA |  |  |  |  |  |  |  |  |  |  |  |  |
| 104 | Total All Other (Sum of Lines 94, 95, 96 and 97) |  |  |  |  |  |  |  |  |  |  |  |  |
| 105 | Total Other Invested Assets - Schedules BA & DA |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 and 105) |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 | Total Non-guaranteed Separate Account Assets | XXX | XXX | XXX | XXX |  |  | XXX | XXX | XXX | XXX |  |  |
| 107 | Total Assets including Non-guaranteed Separate Account Assets | XXX | XXX | XXX | XXX |  |  | XXX | XXX | XXX | XXX |  |  |