

SCHEDULE DB

DERIVATIVE INSTRUMENTS

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where a company cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

This schedule should be used to report derivative instruments. Specific accounting procedures for each derivative instrument will depend on the definition below and documented intent that best describes the instrument. Uses of derivative instruments that are reported in this schedule include hedging, income generation, replication and other. State investment laws and regulations should be consulted for applicable limitations and permissibility on the use of derivative instruments. If the derivative strategy meets the definition of hedging as outlined in paragraph 7 of SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, then the underlying derivative transactions composing that strategy should be reported in that category of Schedule DB. If the underlying derivative strategy does not meet the definition of hedging as per SSAP No. 86, then the underlying derivative transactions composing that strategy should be reported as either hedging other, replication, income generation or other.

DEFINITIONS OF DERIVATIVE INSTRUMENTS

A hedge transaction is “Anticipatory” if it relates to:

- a. A firm commitment to purchase assets or incur liabilities; or
- b. An expectation (but not obligation) to purchase assets or incur liabilities in the normal course of business.

“*Underlying Interest*” means the asset(s), liability(ies) or other interest(s) underlying a derivative instrument, including, but not limited to, any one or more securities, currencies, rates, indices, commodities, derivative instruments, or other financial market instruments.

“*Option*” means an agreement giving the buyer the right to buy or receive, sell or deliver, enter into, extend or terminate, or effect a cash settlement based on the actual or expected price, level, performance or value of one or more Underlying Interests.

“*Warrant*” means an agreement that gives the holder the right to purchase an underlying financial instrument at a given price and time or at a series of prices and times according to a schedule or warrant agreement.

“*Cap*” means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a reference price, level, performance or value of one or more Underlying Interests exceed a predetermined number, sometimes called the strike/cap rate or price.

“*Floor*” means an agreement obligating the seller to make payments to the buyer, each payment under which is based on the amount, if any, that a predetermined number, sometimes called the strike/floor rate or price exceeds a reference price, level, performance or value of one or more Underlying Interests.

“*Collar*” means an agreement to receive payments as the buyer of an Option, Cap or Floor and to make payments as the seller of a different Option, Cap or Floor.

“*Swap*” means an agreement to exchange or net payments at one or more times based on the actual or expected price, level, performance or value of one or more Underlying Interests or upon the probability occurrence of a specified credit or other event.

“*Forward*” means an agreement (other than a Future) to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value of one or more Underlying Interests.

“*Future*” means an agreement traded on an exchange, Board of Trade or contract market to make or take delivery of, or effect a cash settlement based on, the actual or expected price, level, performance or value one or more Underlying Interests.

“*Option Premium*” means the consideration paid (received) for the purchase (sale) of an Option.

“*Margin Deposit*” means a deposit that a reporting entity is required to maintain with a broker with respect to the Futures Contracts purchased or sold.

GENERAL INSTRUCTIONS FOR SCHEDULE DB

Each derivative instrument should be reported in Parts A, B or C according to the nature of the instrument, as follows:

- Part A: Positions in Options,* Caps, Floors, Collars, Swaps, and Forwards**
- Part B: Positions in Futures Contracts
- Part C: Positions in Replication (Synthetic Asset) Transaction

* Warrants acquired in conjunction with public or private debt or equity that are more appropriately reported in other schedules do not have to be reported in Schedule DB.

** Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date or a private placement six months after the commitment date) should be disclosed in the Notes to Financial Statements, rather than on Schedule DB.

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where the reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

The company may be required to demonstrate the intended hedging characteristics under state statute in order to report in this derivatives “Hedge Other” category.

The fair value is the value at which the instrument(s) could be exchanged in a current transaction. Amortized or book/adjusted carrying values should not be substituted for fair value. Public market quotes are the best indication of fair value. The company should document the determination of fair value.

Part D should be used to report the counterparty exposure (i.e., the exposure to credit risk on derivative instruments) to each counterparty (or guarantor, as appropriate).

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>	
Hedging Effective	
Call Options and Warrants.....	0019999
Put Options.....	0029999
Caps.....	0039999
Floors.....	0049999
Collars.....	0059999
Other.....	0069999
Subtotal – Hedging Effective.....	0079999
Hedging Other	
Call Options and Warrants.....	0089999
Put Options.....	0099999
Caps.....	0109999
Floors.....	0119999
Collars.....	0129999
Other.....	0139999
Subtotal – Hedging Other.....	0149999
Replications	
Call Options and Warrants.....	0159999
Put Options.....	0169999
Caps.....	0179999
Floors.....	0189999
Collars.....	0199999
Other.....	0209999
Subtotal – Replications.....	0219999
Income Generation	
Call Options and Warrants.....	0229999
Put Options.....	0239999
Caps.....	0249999
Floors.....	0259999
Collars.....	0269999
Other.....	0279999
Subtotal – Income Generation.....	0289999
Other	
Call Options and Warrants.....	0299999
Put Options.....	0309999
Caps.....	0319999
Floors.....	0329999
Collars.....	0339999
Other.....	0349999
Subtotal – Other.....	0359999

Total Purchased Options	
Subtotal – Call Options and Warrants	0369999
Subtotal – Put Options	0379999
Subtotal – Caps	0389999
Subtotal – Floors	0399999
Subtotal – Collars	0409999
Subtotal – Other	0419999
Subtotal – Total Purchased Options	0429999

Written Options

Hedging Effective	
Call Options and Warrants	0439999
Put Options	0449999
Caps	0459999
Floors	0469999
Collars	0479999
Other	0489999
Subtotal – Hedging Effective	0499999

Hedging Other	
Call Options and Warrants	0509999
Put Options	0519999
Caps	0529999
Floors	0539999
Collars	0549999
Other	0559999
Subtotal – Hedging Other	0569999

Replications	
Call Options and Warrants	0579999
Put Options	0589999
Caps	0599999
Floors	0609999
Collars	0619999
Other	0629999
Subtotal – Replications	0639999

Income Generation	
Call Options and Warrants	0649999
Put Options	0659999
Caps	0669999
Floors	0679999
Collars	0689999
Other	0699999
Subtotal – Income Generation	0709999

Other	
Call Options and Warrants	0719999
Put Options	0729999
Caps	0739999
Floors	0749999
Collars	0759999
Other	0769999
Subtotal – Other	0779999

Total Written Options	
Subtotal – Call Options and Warrants	0789999
Subtotal – Put Options	0799999
Subtotal – Caps	0809999
Subtotal – Floors	0819999
Subtotal – Collars	0829999
Subtotal – Other	0839999
Subtotal – Total Written Options	0849999

Swaps

Hedging Effective	
Interest Rate	0859999
Credit Default	0869999
Foreign Exchange	0879999
Total Return	0889999
Other	0899999
Subtotal – Hedging Effective	0909999

Hedging Other	
Interest Rate	0919999
Credit Default	0929999
Foreign Exchange	0939999
Total Return	0949999
Other	0959999
Subtotal – Hedging Other	0969999

Replication	
Interest Rate	0979999
Credit Default	0989999
Foreign Exchange	0999999
Total Return	1009999
Other	1019999
Subtotal – Replication	1029999

Income Generation	
Interest Rate	1039999
Credit Default	1049999
Foreign Exchange	1059999
Total Return	1069999
Other	1079999
Subtotal – Income Generation	1089999

Other	
Interest Rate	1099999
Credit Default	1109999
Foreign Exchange	1119999
Total Return	1129999
Other	1139999
Subtotal – Other	1149999

Total Swaps	
Subtotal – Interest Rate	1159999
Subtotal – Credit Default	1169999
Subtotal – Foreign Exchange	1179999
Subtotal – Total Return	1189999
Subtotal – Other	1199999
Subtotal – Total Swaps	1209999

Forwards

Hedging Effective	1219999
Hedging Other	1229999
Replication	1239999
Income Generation	1249999
Other	1259999
Subtotal – Forwards	1269999

Totals:

Subtotal – Hedging Effective	1399999
Subtotal – Hedging Other	1409999
Subtotal – Replication	1419999
Subtotal – Income Generation	1429999
Subtotal – Other	1439999

Total.....	1449999
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Definitions:

Hedging Effective: A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, 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.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions. 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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Notional / Contracts Definition

Notional Value: The principal value upon which future payments are based in a derivative transaction as at a specific period in time (the “as of” reporting date) in the reporting currency. Converting the notional into reporting currency should be done in accordance with SSAP No. 23, Foreign Currency Transactions and Translations.

Swaps, Forwards, Collars, Floors and Caps: All use a “notional” amount to calculate future payments. If there is a notional schedule, the reported notional would be that notional amount that is used to calculate the next payment.

Options (Calls, Puts, Warrants): All use notional amount [or number of contracts for exchange-traded instruments] to calculate future payments. Both notional amount and number of contracts are reported.

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. Forward exchange rate must be stated as: Fx Currency per US\$ (Fx/US\$). 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.
Column 2	–	Description of Items Hedged or Used for Income Generation
		Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Investment in Foreign Operations,” etc. Describe the assets against which derivatives are written in income generation transactions.
Column 3	–	Schedule/Exhibit Identifier
		Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A, B, BA, D Part 1, D Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise “N/A.” Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.
Column 4	–	Type(s) of Risk(s)
		Identify the type(s) of risk(s) being hedged: “Interest,” “Credit,” “Currency,” “Equity/Index” or “Other.”
Column 5	–	Exchange or Counterparty
		If exchange-traded, show the name of the exchange, Board of Trade, or contract market. If OTC traded, show the counterparty and the guarantor upon whose credit the reporting entity relies.
Column 6	–	Trade Date
		Show the trade date of the original transaction. The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms; e.g., type, maturity, expiration or settlement, and strike price, rate or index.
Column 7	–	Date of Maturity or Expiration
		Show the date of maturity or expiration of the derivative, as appropriate.
Column 8	–	Number of Contracts
		Show the number of contracts, as applicable (e.g., for exchange-traded derivatives).

Column 9	–	Notional Amount
		Show the notional amount (e.g., the amount upon which the next cash payment is based). If the replication (synthetic asset) transactions is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with SSAP No. 23, Foreign Currency Transactions and Translations.
Column 10	–	Strike Price, Rate or Index Received (Paid)
		Show the strike price, rate or index for which payments are received (paid), or an option could be exercised or which would trigger a cash payment to (by) the reporting entity on a derivative. Forward exchange rate must be stated as: Fx Currency per US\$ (Fx/US\$). For credit derivatives, state “credit event” when the payment is triggered by a standard International Swaps and Derivatives Association (ISDA) defined credit event. Describe non-standard credit event in footnotes to the annual statement. For example, for a credit default swap sold at 0.50% per annum, show “0.50 / (credit event),” or for an interest swap with 4.5% received, LIBOR + 0.50% paid, show “4.50 / (L+0.50).”
Column 11	–	Prior Year Initial Cost of Premium (Received) Paid
		For derivatives opened in prior reporting years, show the premium or other payment (received) paid when the derivative contract was entered into.
Column 12	–	Current Year Initial Cost of Premium (Received) Paid
		For derivatives opened in the current reporting year, show the premium or other payment (received) paid when the derivative contract was entered into.
Column 13	–	Current Year Income
		Show the amount of income received (paid), on accrual basis, during the year (excluding the amount entered in Column 11). If such payments are both received and paid (e.g., interest swaps), show the net amount (excluding taxes).
Column 14	–	Book/Adjusted Carrying Value
		Represents the statement value with any nonadmitted assets added back. Refer to SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, for further discussion.
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.

Column 16	–	<p>Fair Value</p> <p>See the Glossary of the NAIC <i>Accounting Practices and Procedures Manual</i> for a definition of fair value. For purposes of this column, fair value can be obtained from any one of these sources:</p> <ol style="list-style-type: none"> a. A pricing service. b. An exchange. c. Broker or custodian quote. d. Determined by the reporting entity.
Column 17	–	<p>Unrealized Valuation Increase/(Decrease)</p> <p>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.</p> <p>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.</p> <p>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.</p>
Column 18	–	<p>Total Foreign Exchange Change in Book/Adjusted Carrying Value</p> <p>This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.</p> <p>For purposes of this schedule, positive amounts should be reported when the change results in an increase to the asset or a decrease to the liability. A negative amount should be reported when the change results in a decrease to the asset or an increase to the liability.</p>
Column 19	–	<p>Current Year's (Amortization)/Accretion</p> <p>For purposes of this schedule, positive amounts should be reported when the change results in an increase to the asset or a decrease to the liability. A negative amount should be reported when the change results in a decrease to the asset or an increase to the liability.</p>
Column 20	–	<p>Adjustment to the Carrying Value of Hedged Item</p> <p>This represents the amortized book/adjusted carrying value used to adjust the basis of the hedged item(s) during the current year.</p>

Column 21 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument credit risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For collars, swaps other than credit default swaps and forwards, the Potential Exposure = 0.5% x “Notional Amount” x Square Root of (Remaining Years to Maturity).

For credit default swaps, enter the larger of notional amount or maximum potential payment.

For purchased credit default swaps bought for protection, the amount reported will be zero.

If the maximum potential exposure cannot be determined, enter zero and explain in the Notes to Financial Statement.

Disclose in the footnotes to the annual statement any assets, held either as collateral or by third parties that the reporting entity can obtain and liquidate to recover all or a portion of the amounts paid under the derivative.

Column 22 – Credit Quality of Reference Entity

Only applies to credit default swaps (for other derivatives, leave blank)

Disclose:

- NAIC designation of the reference entity; or, if not available, then
- NAIC designation equivalent of the reference entity, if it is ARO rated; or, if not available, then
- The company’s own credit assessment translated into an NAIC designation equivalent with a “*” to indicate that the designation is based on the company’s own internal evaluation of the reference entity’s creditworthiness.

For first loss type of basket credit default swaps, use the lowest rating in the basket. For other types of baskets, or other structures, determine a rating that fairly represents the likelihood of credit losses.

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 31st of the current year. 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.

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.

**** Columns 24 and 25 will be electronic only ****

Column 24 – Method Used to Obtain Fair Value Code

Whenever possible, fair value should represent the amount of money the reporting entity would receive (pay) in order to close the derivative position at the market price. Fair value should only be determined analytically when the market price-based value cannot be obtained.

Insert the code for the method used by the reporting entity to determine the Fair Value. Following is a listing of the valid method codes:

- “a” – For derivatives where the fair value is determined by a pricing service.
- “b” – For derivatives where the fair value is determined by a stock exchange.
- “c” – For derivatives where the fair value is determined by a broker or the reporting entity’s custodian. To use this method 1) the broker must be approved by the reporting entity as a derivative counterparty; and 2) the reporting entity shall obtain and retain the pricing policy of the broker or custodian that provided the quotations.
- “d” – For derivatives where the fair value is determined by the reporting entity. The reporting entity is required to maintain a record of the pricing methodology used.

Column 25 – Source Used to Obtain Fair Value

For Method Code “a,” identify the specific pricing service used.

For Method Code “b,” identify the specific stock exchange used.

The listing of most stock exchange codes can be found in the Investment Schedules General Instructions or the following Web site:

www.fixprotocol.org/specifications/exchanges.shtml

For Method Code “c,” identify the specific broker or custodian used.

For Method Code “d,” leave blank.

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. Forward exchange rate must be stated as: Fx Currency per US\$ (Fx/US\$). 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.
Column 2	–	Description of Hedged Item(s)
		Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Investment in Foreign Operations,” etc.
Column 3	–	Schedule/Exhibit Identifier
		Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise “N/A.” Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.
Column 4	–	Type(s) of Risk(s)
		Identify the type(s) of risk(s) being hedged: ‘Interest,” “Credit,” “Currency,” “Equity/Index” or “Other”.
Column 5	–	Exchange or Counterparty
		If exchange-traded, show the name of the exchange, Board of Trade, or contract market. If OTC traded, show the counterparty and the guarantor upon whose credit the reporting entity relies.
Column 6	–	Trade Date
		Show the trade date of the original transaction. The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the date of last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).
Column 7	–	Date of Maturity or Expiration
		Show the date of maturity or expiration of the derivative, as appropriate.
Column 8	–	Termination Date
		Show the date on which the contract/agreement was terminated. Reporting entities may summarize on one line all identical instruments with the same exchange or counterparty, using the latest termination date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Column 9	–	<p>Indicate Exercise, Expiration, Maturity or Sale</p> <p>Indicate the cause of termination.</p>
Column 10	–	<p>Number of Contracts</p> <p>Show the number of contracts, as applicable (e.g., for exchange-traded derivatives).</p>
Column 11	–	<p>Notional Amount</p> <p>Show the notional amount (e.g., the amount upon which the next cash payment is based). If the replication (synthetic asset) transaction is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with SSAP No. 23, Foreign Currency Transactions and Translations.</p>
Column 12	–	<p>Strike Price, Rate or Index Received (Paid)</p> <p>Show the strike price, rate or index for which payments are received (paid), or an option could be exercised, which would trigger a cash payment to (by) the reporting entity on a derivative. Forward exchange rate must be stated as: Fx Currency per US\$ (Fx/US\$).</p>
Column 13	–	<p>Prior Year Initial Cost of Premium (Received) Paid</p> <p>For derivatives opened in prior reporting years, show the premium or other payment (received) paid when the derivative contract was entered into.</p>
Column 14	–	<p>Current Year Initial Cost or Premium (Received) Paid</p> <p>For derivatives opened in the current reporting year, show the premium or other payment (received) paid when the derivative contract was entered into.</p>
Column 15	–	<p>Consideration Received (Paid) on Termination</p> <p>Show the amount of consideration received (paid).</p>
Column 16	–	<p>Current Year Income</p> <p>Show the amount of income received (paid) accrued for the current year.</p>
Column 17	–	<p>Book/Adjusted Carrying Value</p> <p>Represents the statement value with any nonadmitted assets added back. Refer to SSAP No. 86, Accounting for Derivative Instruments and Hedging Activities, for further discussion.</p>
Column 18	–	<p>Code</p> <p>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.</p> <p>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.</p> <p>Insert @ in this column if the income/expenses is combined with income/expenses on assets or liabilities hedged.</p>

Column 19	–	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.
Column 20	–	Total Foreign Exchange Change in Book/Adjusted Carrying Value
		This is a positive or negative amount that is defined as the portion of the total change in Book/Adjusted Carrying Value for the year that is attributable to foreign exchange differences for a particular derivative. The amounts reported in this column should be included as net unrealized foreign exchange capital gain/(loss) in the Capital and Surplus Account.
Column 21	–	Current Year's (Amortization)/Accretion
		For purposes of this schedule, positive amounts should be reported when the change results in an increase to the asset or a decrease to the liability. A negative amount should be reported when the change results in a decrease to the asset or an increase to the liability.
Column 22	–	Gain (Loss) on Termination – Recognized
		This represents gain (loss) on termination that is not deferred or used to adjust basis of hedged items. This equals consideration received less book/adjusted carrying value at termination.
Column 23	–	Adjustment to the Carrying Value of Hedged Item
		This represents the gain (loss) on termination that was used to adjust the basis of a hedged item in the current year. It includes the book/adjusted carrying value of premiums that were allocated to the purchase cost on exercise of an option.
Column 24	–	Gain (Loss) on Termination – Deferred
		This represents the gain (loss) on termination that was deferred over year-end. This equals consideration received less book/adjusted carrying value at termination.

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. 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.

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.

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	1279999
Hedging Other	1289999
Replication	1299999
Income Generation	1309999
Other.....	1319999
Subtotal – Long Futures	1329999
Short Futures:	
Hedging Effective	1339999
Hedging Other	1349999
Replication	1359999
Income Generation	1369999
Other.....	1379999
Subtotal – Short Futures	1389999
Totals:	
Subtotal – Hedging Effective	1399999
Subtotal – Hedging Other	1409999
Subtotal – Replication	1419999
Subtotal – Income Generation	1429999
Subtotal – Other	1439999
Total.....	1449999

Definitions:

Hedging Effective: A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions, 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.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions. 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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions.

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, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions. When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements

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.

At the end, list, in alphabetical sequence, brokers with whom cash deposits have been made, with the amounts deposited.

Column 1	–	Ticker Symbol
		If traded on an exchange, disclose the ticker symbol.
Column 2	–	Number of Contracts
		Show the total number of contracts open on December 31 of the reporting year: a positive amount for futures purchased, a negative amount for futures sold.
Column 3	–	Notional Amount
		Show the total notional amount of the futures position on December 31 of the reporting year: a positive amount for futures purchased, a negative amount for futures sold.
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.
Column 5	–	Description of Hedged Item(s)
		Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Investment in Foreign Operations,” etc.
Column 6	–	Schedule/Exhibit Identifier
		Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D Part 1; D, Part 2 Section 1; or D, Part 2, Section 2, if appropriate. Otherwise “N/A.” Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.
Column 7	–	Type(s) of Risk(s)
		Identify the type(s) of risk(s) being hedged: “Interest,” “Credit,” “Currency,” “Equity/Index,” or “Other.” In the event there is more than one type of risk, use the most relevant risk.
Column 8	–	Date of Maturity or Expiration
		Show the date of maturity or expiration of the derivative, as appropriate.
Column 9	–	Exchange
		The exchange on which the contract was transacted.

Column 10	–	Trade Date	<p>Show the trade date of the original transaction. The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).</p>
Column 11	–	Transaction Price	<p>Show the price at which the futures contract was originally purchased or sold. If several positions of the same futures contract are summarized, show the weighted average price.</p>
Column 12	–	Reporting Date Price	<p>Show the reporting date closing price.</p>
Column 13	–	Fair Value	<p>Column 3 (Notional Amount) x [Column 12 (Reporting Date Price) - Column 11 (Transaction Price)]</p>
Column 14	–	Book/Adjusted Carrying Value	<p>Represents the statement value of the futures position, with any nonadmitted assets added back, and is determined based on how the futures contract is being used, in accordance with SSAP No. 86, Accounting for Derivative Instruments and Hedging, Income Generation, and Replication (Synthetic Asset) Transactions.</p>
Column 15	–	Cumulative Variation Margin	<p>On long contracts, show the difference between the closing price (Column 12) and purchase/sale price (Column 11) times the notional amount (Column 3), and on short contracts, the difference between the purchase/sale price (Column 11) and the closing price (Column 12) times the notional amount (Column 3).</p>
Column 16	–	Change in Variation Margin Gain (Loss) Recognized in Current Year	<p>This represents the variation margin recognized as an unrealized or realized gain (loss) or as investment income for the year.</p>
Column 17	–	Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item	<p>This represents the variation margin used in the current year to adjust the basis of a hedged item.</p>
Column 18	–	Change in Variation Margin Deferred	<p>This represents the variation margin that has been deferred and therefore, not recognized as an unrealized or realized gain (loss) or as investment income. Note: If the entire amount of the variation margin was deferred, and if the notional has not changed, this equals:</p> <p>Calculation as in Column 15.</p>

Column 19 – Potential Exposure

Potential Exposure is a statistically derived measure of the potential increase in derivative instrument credit risk exposure, for derivative instruments that generally do not have an initial cost paid or consideration received, resulting from future fluctuations in the underlying interests upon which derivative instruments are based.

For futures, the Potential Exposure = (Initial Margin per contract on the valuation date, set by the exchange on which contract trades) x (the number of contracts open on the valuation date).

Column 20 – 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. 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.

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.

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.

Column 1	–	Ticker Symbol
		If traded on an exchange, disclose the ticker symbol.
Column 2	–	Number of Contracts
		The number of futures contracts terminated during the current year: a positive amount for a closed long position, a negative amount for a closed short position.
Column 3	–	Notional Amount
		Show the total notional amount of the futures position terminated during the current year: a positive amount for a closed long position, a negative amount for a closed short position
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.
Column 5	–	Description of Hedged Item(s)
		Describe the assets or liabilities hedged, including CUSIP(s) when appropriate. For example, “Bond Portfolio Hedge,” “VAGLB Hedge,” “Investment in Foreign Operations,” etc.
Column 6	–	Schedule/Exhibit Identifier
		Identify the Schedule or Exhibit of the hedged item(s), such as Schedule A; B; BA; D, Part 1; D, Part 2, Section 1; or D, Part 2, Section 2, if appropriate. Otherwise “N/A.” Use clear abbreviations for schedules, such as D 1 (Schedule D, Part 1) D 2-1 (Schedule D, Part 2, Section 1), D 2-2 (Schedule D, Part 2, Section 2), etc.
Column 7	–	Type(s) of Risk(s)
		Identify the type(s) of risk(s) being hedged: “Interest,” “Credit,” “Currency,” “Equity/Index” or “Other.” (In the event there is more than one type of risk, use the most relevant risk.)
Column 8	–	Date of Maturity or Expiration
		Show the date of maturity or expiration of the derivative, as appropriate.
Column 9	–	Exchange
		The exchange on which the contract was transacted.

Column 10	–	Trade Date	Show the trade date of the original transaction. The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).
Column 11	–	Transaction Price	Show the original transaction price (the price at which the futures were purchased or sold). If several positions of the same futures contract are summarized, show the weighted average price.
Column 12	–	Termination Date	Show the date when the derivative position was terminated. The reporting entity may summarize on one line all identical instruments with the same exchange or counterparty, using the latest termination date.
Column 13	–	Termination Price	The price at which the position was closed.
Column 14	–	Indicate Exercise, Expiration, Maturity or Sale	Indicate the cause of termination.
Column 15	–	Book/Adjusted Carry Value at Termination	Represents the statement value with any nonadmitted assets added back. Refer to SSAP No. 86 Accounting for Derivative Instruments and Hedging Activities, for further discussion.
Column 16	–	Change in Variation Margin Gain (Loss) Recognized in Current Year	This represents the variation margin recognized as an unrealized or realized gain (loss), or as investment income in the current year from the inception of the futures position.
Column 17	–	Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item in Current Year	This represents the variation margin used in the current year to adjust the basis of a hedged item in the current year.
Column 18	–	Change in Variation Margin Deferred	This represents the variation margin that has been deferred and, therefore, not recognized as an unrealized or realized gain (loss) or as investment income.

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. 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.

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.

SCHEDULE DB – PART D

**COUNTERPARTY EXPOSURE FOR DERIVATIVE INSTRUMENTS OPEN
DECEMBER 31 OF CURRENT YEAR**

Counterparty Exposure to any one counterparty is the exposure to credit risk associated with the use of derivative instruments with that counterparty. This part displays the Book/Adjusted Carrying Value exposure and Fair Value exposure to each counterparty, net of collateral. Also displayed is the total potential exposure for each counterparty for Schedule DB, Parts A and B.

On the first line, show the aggregate sum for exchange traded derivatives. On subsequent lines, show separately six groups of OTC (over-the-counter) derivative counterparties by NAIC Designation. Within each group, list the counterparties in alphabetical order. For each counterparty with a master agreement, show on a second line, if applicable, totals for derivative instruments not covered by the master agreement. Use additional lines, as needed, if multiple master agreements with the counterparty exist that do not provide for netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults. Show subtotals for each group.

If a reporting entity has any detail lines reported for any of the following required groups, it shall report the subtotal amount of the corresponding group with the specified subtotal line number appearing in the same manner and location as the pre-printed total.

Aggregate Sum of Exchange Traded Derivatives.....	0199999
Total NAIC 1 Designation.....	0299999
Total NAIC 2 Designation.....	0399999
Total NAIC 3 Designation.....	0499999
Total NAIC 4 Designation.....	0599999
Total NAIC 5 Designation.....	0699999
Total NAIC 6 Designation.....	0799999
Total.....	0899999

Column 1 – Description of Counterparty or Exchange Traded

The first line (Line 0199999) is for the Aggregate Sum of Exchange Traded Derivatives. On subsequent lines, show the name of the counterparty.

Column 2 – Master Agreement (Y or N)

The first line (Line 0199999) is for the Aggregate Sum of Exchange Traded Derivatives and is to be left blank. For OTC counterparties, indicate “Y” if:

1. The reporting entity has a written International Swaps and Derivatives Association (ISDA) master agreement with the counterparty that provides for the netting of offsetting amounts by the reporting entity against the counterparty upon termination in the event that the counterparty defaults, or if such netting provisions of an ISDA master agreement are either incorporated by reference in transaction confirmations or are otherwise contractual provisions to which derivative instrument confirmations with the counterparty are subject, or if the reporting entity has a written non-ISDA master agreement with the counterparty that provides for the netting of offsetting amounts or the right of offset by the reporting entity against the counterparty upon termination in the event that the counterparty defaults; and
2. The domiciliary jurisdiction of such counterparty is either within the United States or if not within the United States, is within a foreign (non-United States) jurisdiction listed in the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* as eligible for netting.

Column 3 – Credit Support Annex (Y or N)

The first line (Line 0199999) is for the Aggregate Sum of Exchange Traded Derivatives and is to be left blank. For OTC counterparties, indicate “Y” if:

The reporting entity has an additional annex to the International Swaps and Derivatives Association (ISDA) master agreement called a Credit Support Annex (CSA). The CSA agreement with the counterparty provides functionality of collateral postings against net counterparty exposure in excess of a threshold amount. This limits the net exposure the reporting entity has to a derivative counterparty in the event of a counterparty default.

Column 4 – Fair Value of Acceptable Collateral

Leave blank for the aggregate reporting of Exchange Traded Derivatives (Line 0199999). For OTC counterparties, show the Fair Value of acceptable collateral pledged by the counterparty.

“Acceptable collateral” means cash, cash equivalents, securities issued or guaranteed by the United States or Canadian governments or their government-sponsored enterprises, letters of credit, publicly traded obligations rated 1 by the SVO, government money market mutual funds, and such other items as may be defined as acceptable collateral in the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*. For purposes of this definition, the term “letter of credit” means a clean, irrevocable and unconditional letter of credit issued or confirmed by, and payable and presentable at, a financial institution on the list of financial institutions meeting the standards for issuing such letter of credit published pursuant to the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*. The letter of credit must have an expiration date beyond the term of the subject transaction.

Book/Adjusted Carrying Values that are debit balances on the balance sheet are positive numbers; those that are credit balances are negative numbers.

Column 5 – Contracts with Book/Adjusted Carrying Value > 0 (i.e., debit balance on balance sheet)

On the first line, show the aggregate sum for exchange traded derivatives that have a positive Book/Adjusted Carrying Value. For futures, this equals deferred variation margin losses (Part B, Section 1, Column 17) plus the sum of all cash deposits with brokers (Part B, Section 1, Broker Name/Net Cash Deposits Footnote). On subsequent lines, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty that have a positive statement value.

Column 6 – Contracts with Book/Adjusted Carrying Value < 0 (i.e., credit balance on balance sheet)

On the first line, show the sum of the statement values in parentheses () of all exchange traded derivatives that have a negative Book/Adjusted Carrying Value. For Futures, this equals deferred variation margin gains (Part B, Section 1, Column 17). For written options, caps and floors on Part A, the positive Book/Adjusted Carrying Values will be shown here in parentheses (). On subsequent lines, show the sum of the Book/Adjusted Carrying Values in parentheses () of all derivative instruments with the counterparty that have a negative Book/Adjusted Carrying Value.

Column 7 – Exposure Net of Collateral

For the aggregate reporting of exchange traded derivatives (Line 0199999), show amount in Column 5. For OTC counterparties, if no master agreement is in place, show the sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty, that have a positive Book/Adjusted Carrying Value, less any Acceptable Collateral (Column 5 – Column 4). If a master agreement is in place, show the net sum of the Book/Adjusted Carrying Values of all derivative instruments with the counterparty, less any acceptable collateral (Column 5 + Column 6 – Column 4). This amount should not be less than zero.

Market values that would be debit balances on the balance sheet are positive numbers; those that would be credit balances are negative numbers.

- Column 8 – Contracts with Fair Value > 0 (i.e., debit balance on the balance sheet)
- On the first line, show the sum of the market values of all exchange traded derivatives that have a positive market value. For futures, this equals the sum of all cash deposits with brokers (Part B, Section 1, Broker Name/Net Cash Deposits Footnote). On subsequent lines, show the sum of the market values of all derivative instruments with the counterparty that have a positive market value.
- Column 9 – Contracts with Fair Value < 0 (i.e., credit balance on the balance sheet)
- On the first line, show the sum of the market values in parentheses () of all exchange traded derivatives that have a negative market value. For futures this equals zero. For written options, caps and floors on Part A, the positive market values will be shown here in parentheses (). On subsequent lines, show the sum of the market values in parentheses () of all derivative instruments with the counterparty that have a negative market value.
- Column 10 – Exposure Net of Collateral
- For the aggregate reporting of exchange traded derivatives (Line 0199999), show amounts in Column 8. For OTC counterparties, if no master agreement is in place, show the sum of the market values of all derivative instruments with the counterparty which have a positive market value, less any acceptable collateral (Column 8 – Column 4). If a master agreement is in place, show the net sum of the market values of all derivative instruments with the counterparty, less any acceptable collateral (Column 8 + Column 9 – Column 4). This amount should not be less than zero.
- Column 11 – Potential Exposure
- Show the potential exposure for Parts A and B for exchange traded derivatives in aggregate (Line 0199999) and for each OTC counterparty.
- Column 12 – Off-Balance Sheet Exposure
- For Exchange Traded Derivatives (Line 0199999), show Column 11.
- For OTC counterparties:
- If Column 2 = yes; show [Column 5 + Column 6 – Column 4 + Column 11] – Column 7 but not less than zero.
- If Column 2 = no; show Column 11.
- Optional: If there is no master netting agreement, companies may still encounter double-counting in cases where a premium is received for an off-balance sheet derivative transaction, such as an interest rate swap. In such cases, report “no” in Column 2 and calculate off-balance sheet exposure on a contract-by-contract basis using the first formula.