

LIFE-1	23.010	Net Investment Income	
<p>References</p> <p>CICA Handbook sections 3025, 3855 and 4211 AcG-9 - Financial Reporting by Life Insurance Enterprises</p> <p>Federal life insurers: OSFI Guideline C-1, Impaired Loans and D-10, Accounting for Financial Instruments Designated as Fair Value Option</p> <p>Quebec life insurers: Notice about "Fair Value Option" allowing financial instruments to be designated as "Held for trading" on their initial measurement". Bulletin de l'Autorité des marchés financiers: section financial institutions, 2006-09-15, Vol. 3 no 37.</p>			
<p>Income in respect of Segregated Funds should not be included on this page, but reported on page 23.030 Other Revenue.</p> <p>Investment income reported is after adjustment for accrued interest or dividends included in the price of investments purchased or sold during the year. That is, investment income is recorded on an "accrual basis".</p> <p>Interest expense relating to bank loans, etc. used to finance or relating to investing activities should be shown here.</p>			
Line	Col	Cross Ref	Practice
010	01		<p>Bonds - Interest</p> <p>Include amortization of premium or discount and interest earned on bonds and debentures during the year. Interest on other fixed term investments with an original term to maturity of one year or less should be reported on line 620: Interest on Cash and Short Term Investments, all other interest should be reported on line 630: Income from Other Loans and Invested Assets.</p> <p>No accrual should be made for interest due or accrued on bonds in default as to either principal, interest or both.</p>
030	01		<p>Bonds - Realized Gains (Losses) on Sale</p> <p>Record gains and losses on bonds sold during the reporting period.</p> <p><u>Transitional Instruction</u></p> <p>In the year of adoption of CICA Handbook Section 3855, prior year amounts for Amortization of Net Realized Gains and (Losses) should be recorded in column 03.</p>

LIFE-1		23.010	Net Investment Income
Line	Col	Cross Ref	Practice
040	01		<p>Bonds – Fair Value Gains (Losses)</p> <p>Record unrealized fair value gains and losses on bonds classified as Held for Trading and Fair Value Option under CICA handbook section 3855.19 (i) or (ii).</p>
110	01		<p>Mortgage Loans - Interest</p> <p>Include interest earned on mortgages during the year.</p> <p>No accrual should be made for interest due or accrued on mortgages in arrears. Mortgages are considered to be in arrears if payments are more than 90 days overdue.</p>
130	01		<p>Mortgage Loans – Realized Gains (Losses) on Sale</p> <p>Record gains and losses on mortgages sold during the reporting period.</p> <p><i>Transitional Instruction</i></p> <p>In the year of adoption of CICA Handbook Section 3855, prior year amounts for Amortization of Net Realized Gains and (Losses) should be recorded in column 03.</p>
140	01		<p>Mortgage Loans – Fair Value Gains (Losses)</p> <p>Record unrealized fair value gains and losses on mortgage loans classified as Held for Trading and Fair Value Option under CICA handbook section 3855.19 (i) or (ii).</p>
210	01		<p>Preferred and Common Shares - Dividends</p> <p>Include accrued dividends on equity investments (excluding joint ventures) in respect of dividends declared on investments held, and unpaid dividends on shares that were sold ex-dividend on a recognized stock exchange.</p>
230	01		<p>Preferred and Common Shares - Realized Gains (Losses) on Sale</p> <p>Record gains and losses on preferred and common shares sold during the reporting period.</p> <p><i>Transitional Instruction</i></p> <p>In the year of adoption of CICA Handbook Section 3855, prior year amounts for Amortization of Net Realized Gains and (Losses) should be recorded in column 03.</p>

LIFE-1		23.010	Net Investment Income
Line	Col	Cross Ref	Practice
240	01		<p>Preferred and Common Shares – Fair Value Gains (Losses)</p> <p>Record unrealized fair value gains and losses on preferred and common shares classified as Held for Trading and Fair Value Option under CICA handbook section 3855.19 (i) or (ii).</p>
310	01		<p>Rental Income Including \$_____ for Insurer’s Own Use</p> <p>Report gross income, including an imputed rent for owned premises which are for own use. Use the space provided in the line item above to report the current year’s imputed rent. Amounts reported should be net of any consolidation elimination entries. Real estate expenses (but not imputed rent) related to own use space should be included with other investment expenses on line 810. Similarly, real estate taxes are included on line 820.</p>
320	01	P 23.020 L 300 + L 440 C 21	<p>Amortization of Realized and Unrealized Gains and (Losses)</p> <p>Net deferred realized and unrealized gains and losses on real estate owned by the insurer and its subsidiaries should be amortized to income at a rate of:</p> <p>Federal life insurers:</p> <p>a) For years ended on or before December 31, 2002: 10% per annum.</p> <p>b) For years ended after December 31, 2002: 3% per quarter (refer to the General Section of these Instructions).</p> <p>Quebec life insurers: In applying the moving average market method for real estate, life insurers can use the market value at each quarter end (rate of 3%) or at each year end (rate of 10%).</p>
610	01		<p>Interest on Policy Loans</p> <p>Include interest earned on policy loans during the year. Unpaid interest should be recorded as an addition to the policy loan on page 20.010, line 200 to the extent that the loan would not exceed the cash surrender value on the policy.</p>
620	01		<p>Interest on Cash and Short Term Investments</p> <p>Include interest earned on cash (bank deposits) and on short-term investments. Short-term investments are defined as investments that had, on acquisition, an original term to maturity of one year or less (e.g., T-bills, GIC's, call loans).</p>

LIFE-1		23.010	Net Investment Income	
Line	Col	Cross Ref	Practice	
640	01		Interest on Overdue Premiums Report interest charged on premiums that are past their due date to permit continuance of the policy.	
650	01		Income from Derivative Activities Report realized and unrealized gains and losses from derivative instruments and hedge ineffectiveness.	
710	01	P 21.020 L 889 C 40	Provision for Losses Refer to the CICA Handbook, section 3025 Impaired Loans, and the Accounting Guideline AcG-9 Federal life insurers: OSFI Guideline C-1, Impaired Loans. This amount consists of the net change for the year in general and specific provisions (individual and group allowances) which are to be expensed.	
720	01	P 21.020 L 889 C 71	Write-Downs Refer to the Accounting Guideline AcG-9, and the CICA Handbook, sections 3025 and 3855. Include write-downs on investments classified as Available for Sale. Federal life insurers: OSFI Guideline C-1, Impaired Loans	
810	01		Investment Expenses (other than Investment Taxes) General expenses relating to investment activities e.g., salaries and employee benefits of Investment Department personnel, and other expenses allocated to Investment Department, and specific investment costs (e.g., bank charges, brokerage fees, investment management fees) are included on this line. Interest on subordinated debt and interest on deposits are shown as part of Interest Expense on Page 23.030 and thus are not included in the determination of net investment income. Interest expense relating to bank loans, etc. which are used to finance investing activities should be included here.	

LIFE-1		23.010		Net Investment Income	
Line	Col	Cross Ref	Practice		
810 (cont'd)			Repairs, maintenance, insurance and other expenses related to the general operation of all real estate properties, whether for own use or not, should be included. Expenses related to rental of such properties, legal fees (excluding those associated with a purchase or sale) and staff personnel costs for individuals engaged solely in real estate related functions should also be included.		
820	01		Investment Taxes Realty taxes on real estate properties whether for own use or not should be included. In addition, any other taxes (other than income taxes), licenses and fees which are considered to have been incurred in the care and management of investments should be reported here.		
889	01	P 20.030 L 070 C 01	Net Investment Income		

LIFE-1	23.020	Capital Gains and Losses on Real Estate	
References			
CICA Handbook section 4211			
Losses are shown as "negatives" on this exhibit.			
Line	Col	Cross Ref	Practice
010			Realized Gains on Sale or Maturity Total of all realized gains (i.e., where proceeds minus balance sheet value is positive).
040			Realized Loss on Sale or Maturity Total of all realized losses (i.e., where proceeds minus balance sheet value is negative).
079			Net Gain (Loss) Line 010 minus line 040.
100			Writing Up (Down) of Balance Sheet Value Balance sheet values should be written down where there is a permanent impairment in the capital element of the investment in accordance with GAAP as outlined in the CICA Handbook. For real estate writedowns, other than temporary declines in value should be determined in accordance with CICA Accounting Guideline AcG 9. Writedowns must be recognized in revenue in the year the writedown occurs. Write-ups on individual investments are generally not appropriate.

LIFE-1		23.020	Capital Gains and Losses on Real Estate
Line	Col	Cross Ref	Practice
130			Currency Adjustment Report the currency adjustment to assets denominated in Other than Canadian dollars upon conversion for reporting in Canadian dollars.
240			Adjusted Realized Gain (Loss) Include on this line: a) the amount of amortizable realized gains (losses); and b) the proportionate amount of the unamortized gains and losses related to a "net disinvestment" in a portfolio held by a life insurer (CICA Handbook, section 4211.09).
279			Subtotal Line 210 plus line 240.
300		with appr. lines on P 23.010 C 01	Amortized to Revenue in Year
470	21		Less: Amounts Realized During Year This line eliminates the amount of unrealized gains/losses, included on line 410, pertaining to properties disposed of during the year.
530	11, 21, 26		Currency Adjustment Show the impact of any adjustments required to reflect change to the exchange rate applicable at year end.
589	11, 21, 26		Balance – End of Year Total of lines 410, 499 and 530.

LIFE-1	23.030	Other Revenue	
<p>Other revenue should be reported gross, with the expenses applicable to them included in general expenses and taxes.</p> <p>Cross reference: Page 20.030, line 160.</p>			
Line	Col	Cross Ref	Practice
050 - 052	01		<p>Report the three <u>most significant</u> items of Other Revenue in the write-in lines 050, 051 and 052. Provide appropriate line descriptions.</p> <p>Other Revenue items include (<i>examples only</i>):</p> <p><i>Net Settlement Annuities:</i> For reporting purposes, settlement annuity payments arising from settlement options exercised by a beneficiary should be netted against settlement annuity considerations received from settlement annuity options exercised by a beneficiary.</p> <p><i>Mortality charges:</i> Levied to Segregated Funds by the general fund.</p> <p><i>Modco adjustments:</i></p> <p>Note: Actual expenses and taxes incurred by the General Fund for managing Segregated Funds should be reported in the General Expense exhibit on page 23.030.</p>
089	01		<p>Subtotal – All Others</p> <p>Please report the sub-total of all other items of Other Revenue not included in the lines above.</p>

LIFE-1		23.030	Interest Expense
Line	Col	Cross Ref	Practice
210	01		Interest on Subordinated Debt Include interest credited and the change in accrued interest due and payable on loans, notes and debentures that can be classified as subordinate to the other outstanding debt of the life insurer.
230			Interest on Long Term Debt In accordance with GAAP, interest charges on loans made for a period of over one year must be shown separately.
299	01	P 20.030 L 510 C 01 & P 35.030 L 510 C 89	Total Interest Expense

LIFE-1	23.030	General Expenses and Taxes	
<p>Expenses related to other revenue should be included here.</p> <p>Expenses attributable to investment operations are not included on this page; rather they are taken into account in the determination of net investment income on page 23.010.</p> <p>Cross reference: Pages 20.030 and 35.030, line 540, all columns.</p>			
Line	Col	Cross Ref	Practice
310	01		<p>Rent</p> <p>Expenses incurred as tenant for light, heat, water, etc., rent paid to a third party and <u>an imputed rent for own premises should be included</u>. The imputed rent for own premises recorded on this line should coincide with the component amount shown as revenue on line 310, page 23.010.</p> <p>The imputed rent should approximate the amount of rent that would have been paid in an arm's length transaction for premises of similar size and quality under current market conditions.</p>
330	01		<p>Salaries, Wages and Allowances</p> <p>Salaries, wages, allowances and similar payments or expenses incurred for staff should be included with the exception of those employees engaged in investment related activities. Their expenses will be included with other investment related expenses and shown on page 23.010, line 810.</p>
350	01		<p>Employees' and Agents' Welfare</p> <p>Premiums paid under group insurance and annuity contracts, and contributions to pension plans should be included. Contributions for programs such as unemployment insurance (in Canada or elsewhere), should also be included. Also included are special payments to staff pension plans, payments to retired or disabled employees not covered by a formal pension plan and any other expenses directly incurred for the benefit of employees and agents.</p>

LIFE-1		23.030	General Expenses and Taxes
Line	Col	Cross Ref	Practice
370	01		<p>Professional and Service Fees and Expenses</p> <p>Include legal fees and expenses, medical examination fees, inspection and investigation fees, external auditors fees and external actuaries fees. Other fees paid to outside professional individuals or groups should also be included.</p>
390	01		<p>Miscellaneous Expenses</p> <p>Expenses for advertising, agency conventions, books and periodicals, bureau and association dues, collection, insurance (excluding insurance on real estate), postage, telex, telephone courier, printing supplies, stationery and depreciation in respect of miscellaneous assets, equipment rental and travelling expenses should all be included on this line.</p>
410	01		<p>Premium Taxes</p> <p>Penalties for late payment of premium taxes or late filing of the premium tax return should also be included on this line.</p>
430	01		<p>Assessments & Dues</p> <p>All assessments related to Assuris (Canadian Life and Health Insurance Compensation Corporation) should be reported on this line, along with the other assessments and dues incurred by the life insurer in other jurisdictions.</p>
450	01		<p>Licenses and Fees</p> <p>All fees charged by regulatory authorities for the general supervision and examination of the insurer should be included on this line together with fees for insurer and agent licences.</p>
470	01		<p>Miscellaneous Taxes</p> <p>City and county taxes (business taxes) and provincial and state taxes (including capital tax) should be reported here.</p>
599	01	P 20.030 L 540 C 01 & P 35.030 L 540 C 89	<p>Total General Expenses and Taxes</p>

LIFE-1		23.030	Other Expenses
Line	Col	Cross Ref	Practice
710			<p>Amortization of Capital Assets (Write-down included \$___) Refer to the CICA Handbook section 3061, 3063 and 3475. In the space provided for inside the title line, report the current year write down of capital assets included in the amortization.</p>
730			<p>Amortization of intangible assets (Impairment losses included \$___) Refer to the CICA Handbook section 3062. In the space provided for inside the title line, report the current year impairment losses of intangible assets included in the amortization.</p>
899	01	P 20.030 L 570 C 01 & P 35.030 L 570 C 89	Total Other Expenses