

Special Instructions for Dealers in Financial Instruments, Finance Companies, Insurance Companies, and Real Estate Companies

A. Certain gains (losses) (32) for (1) dealers in financial instruments and finance and insurance companies, and (2) real estate companies.

1. Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies — INCLUDE in 32 :

- impairment losses as defined by FASB ASC 320 (FAS 115),
- realized gains and losses on trading or dealing,
- unrealized gains or losses, due to changes in the valuation of financial instruments, that flow through the income statement, and
- goodwill impairment as defined by FASB ASC 350 (FAS 142).

EXCLUDE from 32, unrealized gains or losses due to changes in the valuation of financial instruments that are taken directly to owners' equity.

EXCLUDE from 32, income from explicit fees and commissions.

INCLUDE income from these fees and commissions as operating income in 22 and 34 and as sales of services in item 39.

2. Real estate companies — INCLUDE in 32 :

- impairment losses as defined by FASB ASC 360 (FAS 144), and
- goodwill impairment as defined by FASB ASC 350 (FAS 142).

EXCLUDE from 32 the revenues earned and expenses incurred from the sale of real estate you own. Such revenues should be reported as operating income in 22 and 34 and as sales of goods in 38.

B. Special instructions for insurance companies

1. When there is a difference between the financial and operating data reported to stockholders and the data reported in the annual statement to an insurance department, prepare the BE-11 on the same basis as the annual report to the stockholders.

Valuation should be according to normal commercial accounting procedures, not at rates promulgated by insurance departments, e.g., **INCLUDE** assets not acceptable for inclusion in the annual statement to an insurance department such as:

- (1.) non-trusted or free account assets and
- (2.) nonadmitted assets, including furniture and equipment, agents' debit balances, and all receivables deemed to be collectible. **INCLUDE** mandatory securities valuation reserves that are appropriations of retained earnings in the owners' equity section of the balance sheet, not in the liability section.

2. Instructions for reporting specific items

a. Sales or gross operating revenues, excluding sales taxes (34) — INCLUDE items such as earned premiums, annuity considerations, gross investment income, and items of a similar nature. **EXCLUDE** income from equity investments in nonconsolidated business enterprises and **EXCLUDE** certain realized and unrealized gains or losses that are to be reported in 32.

b. Certain gains (losses) (32) — See Special Instructions, A.1.

c. Sales of services (39) — INCLUDE premium income and income from other services, if any.

Calculate premiums earned by companies engaged in insurance activities as direct premiums written (including renewals) net of cancellations, plus reinsurance premiums assumed, minus reinsurance premiums ceded, plus unearned premiums at the beginning of the year, minus unearned premiums at the end of the year.

d. Investment income (40) — Report that portion of sales or gross operating revenues that is investment income. However, report any gains or losses on investments in accordance with **Special Instructions, A.1. See Additional Instructions for Part III, Section B, 40, on page 11 to determine the location of the transactor of investment income.**