

LIFE COMPANIES INCLUDING ACCIDENT AND HEALTH INSURANCE TAX RETURN

CDI FS-002 (REV 12/2002)

FOR CALENDAR YEAR 2002**PAYMENT, MAILING AND FILING INSTRUCTIONS**

Due Date: File one (1) original and two (2) photocopies of this return with the California Department of Insurance on or before April 1, 2003.

Groups: Prepare a separate tax return and check for each member company.

Payments: If paying by check, make the check payable to CONTROLLER - STATE OF CALIFORNIA.

Those required to pay or have voluntarily elected to pay by Electronic Funds Transfer (EFT) must use the EFT method of payment.

Every insurer whose annual tax liability for the preceding calendar year was five thousand dollars (\$5,000) or more is required to make quarterly prepayments and submit quarterly tax payment vouchers to the current calendar year.

Mail to a or b:

a) If the 2002 Tax Due, 2003 1 st Quarter Prepayment, and/or the 2002 Retaliatory Tax Due were paid by CHECK , then mail the Premium Tax Return, the tax payment voucher, and the CHECK to:	OR	b) If the 2002 Tax Due, 2003 1 st Quarter Prepayment, and/or the 2002 Retaliatory Tax Due were paid by EFT , or if there is ZERO (-0-) balance due, or If there is a Tax Refund Due , then mail the Premium Tax Return and the tax payment voucher to:
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State of California
Department of Insurance
Tax Accounting/EFT Unit
P.O. Box 1918
Sacramento, CA 95812-1918

State of California
Department of Insurance
Tax Accounting/EFT Unit
300 Capitol Mall Suite 1400
Sacramento, CA 95814

The tax payment vouchers are available on the California Department of Insurance web-site <http://www.insurance.ca.gov>. Click on the link "Insurers". Under the section "Financial Oversight", click on the link "Tax Forms, Instructions, and Information" to access these vouchers.

For questions concerning the completion of the premium tax return please contact the California Department of Insurance, Tax Audit Bureau – David Okumura at (213) 346-6097 or Jenny Chuang at (213) 346-6287.

For questions regarding the Electronic Funds Transfer (EFT) Program, contact the California Department of Insurance, Tax Accounting/EFT Unit at (916) 492-3288, e-mail at EFT@insurance.ca.gov, or write to:

State of California
Department of Insurance
Tax Accounting /EFT Unit
300 Capitol Mall, Suite 1400
Sacramento, CA 95814

LIFE COMPANIES INCLUDING ACCIDENT AND HEALTH INSURANCE TAX RETURN

CDI FS-002 (REV 12/2002)

FOR CALENDAR YEAR 2002**IMPORTANT INSTRUCTIONS**

All Life Companies including Accident and Health Insurance must complete this tax return, whether or not business was transacted during the reporting year. Complete all items, including the method of tax payment.

Pursuant to the California Insurance Code Section 12976.5, and the California Tax on Insurers, Revenue and Taxation Code 12602, on and after January 1, 1995, each insurer whose annual taxes exceed twenty thousand dollars (\$20,000) is required to participate in the Electronic Funds Transfer (EFT) Program. To register as an EFT taxpayer, contact the California Department of Insurance, Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at EFT@insurance.ca.gov.

The following are line by line instructions for the Life Companies including Accident and Health Insurance Tax Return for the calendar year 2002. Please only use one entry per line and do not write in the column labeled, "CDI use only".

Complete the following information: Name of Insurer, Mailing Address, City, State, Zip Code, Telephone Number, Fax Number, and State of Domicile. Also provide the Federal Tax Identification Number, California Permanent Number (CA Perm No), EFT Taxpayer Identification Number (TIN), and select the appropriate Method of Tax Payment. Please check the appropriate box for the following information: New Company (admitted during 2002), Name Change, and/or Final Return (No further business transacted due to withdraw of Certificate of Authority, or a non-survivor of a merger).

RECORD ALL AMOUNTS IN WHOLE DOLLARS

- Line 1: **Accident and Health Premiums** - Forward the positive or negative amount from Page 3 of the Premium Tax Return, Schedule A, Line 6, to Page 1, Line 1, Column B.
- Line 2: **Life Premiums** - Forward the positive or negative amount from Page 4 of the Premium Tax Return, Schedule B, Line 12, Columns A and B, to Page 1, Line 2, Columns A and B.
- Line 3: **Annuity Premium/Considerations** - Forward the positive or negative amount from Page 5 of the Premium Tax Return, Schedule C, Line 9, Columns A and B, to Page 1, Line 3, Columns A and B.
- Line 4: **Total Net Taxable Premiums** - Add the totals of Lines 2 and 3 of Column A and add the totals of Lines 1, 2, and 3 of Column B (Please indicate the total of the lines for each column, even if the result equals a negative amount).
- Line 5: **Tax Rate** - Column A, Qualified, has a tax rate of 0.50 % and Column B, Nonqualified, has a tax rate of 2.35 %.
- Line 6: **2002 Annual Tax** - Multiply Line 4 by the tax rate on Line 5 for columns A and B. Once the lines have been multiplied, take the total in Line 6 Column A and add the total in Line 6 Column B to determine the 2002 Annual Tax, Line 6 Column C (If the result in Column C is a negative amount, record zero (-0-) in the column). If the 2002 Annual Tax is more than \$20,000, then the insurer is required to participate in the EFT Program. For questions regarding EFT, contact the Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at EFT@insurance.ca.gov.
- Line 7: **Low Income Housing Credit** - Record any Low Income Housing Credit for the reporting year. Include a copy of Form 3521-A, Certificate of Final Award of California, if there is a credit for the reporting year. Failure to provide a copy of Form 3521-A will result in the credit being disallowed. Include the Company's name and California Permanent Number on the certificates.

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- Line 8: **COIN Credit** - Record any California Organized Investment Network (COIN) credits for the reporting year. Include a copy of the certification from COIN showing the amount of the credit pursuant to Revenue and Taxation Code Section 12209. Failure to provide a copy of the certificate of credit will result in the credit being disallowed.
- Line 9: **Prepayments made during the reporting year of 2002** - Only include those prepayments made or applied to the first quarter during the reporting year. Exclude all payments of interest and penalties.
- Line 9a: **Overpayment applied from prior year** -
If there was an overpayment applied to the 2002 First Quarter Prepayment, as reported on Line 13a of the 2001 tax return, then record the amount applied on Line 9a. (For example, if the 2002 First Quarter Prepayment due was \$2,500 and the amount of 2001 Overpayment applied was \$500, then record \$500 on Line 9a).
-OR-
If there was no overpayment applied to the 2002 First Quarter Prepayment, then record zero (-0-) on Line 9a.
- Line 9b: **First Quarter (Balance Paid)** -
If there was an overpayment applied to the 2002 First Quarter Prepayment, then record the net balance paid on Line 9b (for example, if the 2002 First Quarter Prepayment due was \$2,500 and the amount of 2001 Overpayment applied was \$500, then record \$2,000 on Line 9b).
-OR-
If there was no overpayment applied to the 2002 First Quarter Prepayment, then record the amount paid for the 2002 First Quarter Prepayment Line on 9b.
- Line 9c - 9e: **Second, Third, and Fourth Quarters** - Record the amount paid for each quarter.
- Line 9f: **Total Prepayments** - Record the sum of Lines 9a through 9e.
- Line 10: **Total Credits and Prepayments** - Record the sum of Lines 7, 8, and 9f.
- Line 11: **2002 Tax Due** - If Line 6 Column C is GREATER than Line 10, then subtract Line 10 from Line 6 Column C. The result will be the balance of the 2002 Annual Tax Due, Line 11. Please pay this amount on or before April 1, 2003. If Line 6 Column C is NOT GREATER than Line 10, then please record zero (-0-) on this line and complete Line 12.
- Line 12: **2002 Tax Overpayment** - If Line 10 is GREATER than Line 6 Column C, then subtract Line 6 Column C from Line 10, and record the result of the overpayment of the 2002 Annual Tax on Line 12. If Line 10 is NOT GREATER than Line 6 Column C, please record zero (-0-) on this line and proceed to Line 13.
- Line 13: **2003 First Quarter Prepayment** - Record the 2003 First Quarter Prepayment on this line. If the Annual Tax, Line 6 Column C, is \$5,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 6 Column C. If the amount on Line 6 Column C is less than \$5,000, then record zero (-0-) on this line.
- Line 13a: **2002 Tax Overpayment applied to the 1st Quarter Prepayment** - Record the amount of the 2002 Tax Overpayment, Line 12, applied to 2003 First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the First Quarter Prepayment in full and receive a refund of the total amount reported on the tax overpayment, Line 12.
-OR-
If there is no tax overpayment or the insurer wishes pay the first quarter prepayment in full, then record zero (-0-) on this line.

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Line 13b: **2003 First Quarter Prepayment Balance Due** - If Line 13a is equal to or less than Line 13, then subtract Line 13a from Line 13. The result will be the 2003 First Quarter Prepayment Balance Due. Please pay this amount on or before April 1, 2003.

Line 14: **2002 Retaliatory Tax** - Record the result of Page 8 of the Premium Tax Return, Schedule D, Part II, Line 8.

Line 14a: **2002 Tax Overpayment applied to the Retaliatory Tax** - This line is an optional field. If there is any remaining balance for the 2002 Tax Overpayment, after it was applied to the 2003 First Quarter Prepayment, then apply the remaining balance to the 2002 Retaliatory Tax. Note: The application of the overpayment is not required. The insurer may pay the retaliatory tax in full and receive a refund of the total amount reported on the tax overpayment, Line 12, less any amount applied to the 2002 First Quarter Prepayment, Line 13a.

-OR-

If there is no tax overpayment or the insurer wishes to pay the retaliatory tax in full, then record zero (-0-) on this line.

Line 14b: **2002 Retaliatory Tax Balance Due** - If Line 14a is equal to or less than Line 14, then subtract Line 14a from Line 14. The result will be the 2002 Retaliatory Tax balance due. Please pay this amount on or before April 1, 2003.

Line 15: **Tax Refund** - The Tax Refund is equal to the 2002 Tax Overpayment, Line 12, less the amounts applied to Lines 13a and 14a. If there is no tax overpayment, then record zero (-0-) on this line. NOTE: The annual tax overpayment shall not be applied toward the 2nd quarter prepayment or any future tax due.

ATTACH A COPY OF CALIFORNIA 2002 ANNUAL STATEMENT STATE PAGE AND THE SCHEDULE T TO THE TAX RETURN.

Declaration of Insurer: California Revenue and Taxation Code Section 12303 states: "Every return required by this article to be filed with the commissioner shall be signed by the insurer or an executive officer of the insurer and shall be made under oath or contain a written declaration that it is made under the penalties of perjury. A return of a foreign insurer may be signed and verified by its manager residing within this State. A return of an alien insurer may be signed and verified by the United States manager of such insurer."

Please complete this page with notary's certification. Please provide the name and address of the contact person for this tax return if the contact person is different than the signatory.

LIFE COMPANIES INCLUDING ACCIDENT AND HEALTH INSURANCE TAX RETURN

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FOR CALENDAR YEAR 2002**Schedule A --- Accident and Health Premiums**

- Line 1: Record the **Direct Premiums**, the amount found on Line 5, Column 5, of Schedule T.
- Line 2.1: Record finance and service charges not included in premiums on Line 1.
- Line 2.2: Record any administrative, service or policy fees assessed directly to the policyholder during the reporting year, other than the amount reported on Line 2.1.
- Line 2.3: Record premiums from foreign states and alien countries where company is not licensed. This is for California domiciled companies **ONLY**.
- Line 2.4: Record the amount of claim payments made for employees under "minimum premium" (mini-met) group contracts. Any contributions for employees of affiliated companies are not deductible.
- Line 2.5: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 3: Total of Lines 1 through 2.5.
- Line 4.1: Record the amount from Line 26, Column 3 of the California State Page.
- Line 4.2: Record Employee Benefit Plan for company's own employees. Contributions for employees of affiliated companies are not deductible.
- Line 4.3: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 5: Total of Lines 4.1 through 4.3.
- Line 6: Total of Line 3 less Total of Line 5. Record the result on **Accident and Health Premiums, Page 1, Line 1, Column B**.
- NOTE: All accident and health premiums are non-qualified and must be taxed at the rate of 2.35%.

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FOR CALENDAR YEAR 2002**Schedule B --- Life Premiums**

- Line 1: Record Life premiums on this line. Write the qualified premiums in Column A and the nonqualified premiums in Column B. The total in Column C should be the same as Schedule T, Line 5, Column 3 pursuant to NAIC Annual Statement instructions. *Qualified premiums must meet the requirements of Revenue and Taxation Code Section 12202.*
- Line 2: Record Orphan Premiums; these are premiums from foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies ONLY.
- Line 3: Record fees, refunds, etc., not directly paid to the creditor on Credit Life policies.
- Line 4: Record any fees and charges paid directly by the policyholder.
- Line 5: Record the California portion of Schedule T, Line 93 of "Premiums or annuity considerations waived under disability or other contract provisions IF NOT included on Line 1 of the tax return.
- Line 6: Total of Lines 1 through 5.
- Line 7: Record any waiver premiums.
- Line 8: Record Employee Benefit Plan contributions for the company's own employees in California. Any contributions for employees of affiliated companies are not deductible.
- Line 9: Dividend Deductions:
- Line 9a: Record the amount on Line 6.1, Column 5 of the California State Page.
- Line 9b: Record the amount on Line 6.2, Column 5 of the California State Page.
- Line 10: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 11: Record the result of adding Lines 7 through 10.
- Line 12: Record the result of Line 6 less Line 11. Record the result of Columns A and B on **Life Premiums, Page 1, Line 2, Columns A and B.**

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FOR CALENDAR YEAR 2002**Schedule C --- Annuity Premiums and other Considerations*****Qualified premiums must meet the requirements of Revenue and Taxation Code Section 12202.***Line 1: **Front-end Basis** – qualified in Column A and non-qualified in Column B.

Line 1a: Record funds accepted on a front-end basis.

Line 1b: Record all other fees/charges directly paid by the policyholder.

Line 1c: Record funds received for the purchase of immediate annuities. Do not include any funds reported on Line 3.

Line 1d: Record Orphan Premiums; these are premiums from foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies ONLY. Taxable amounts include the same items as in Lines 1a, 1b, and 1c.

Line 2: **Back-end Basis** – qualified in Column A and non-qualified in Column B.

Line 2a: Record total gross amounts accumulated which annuitized in reporting year. These are the total gross amounts accumulated since inception of the contracts and applied to the purchase of annuities, i.e., deposits plus gross income plus interest.

See example below and Attachment A and B:

Initial Deposit	\$10,000
Interest	20,000
Any additional cash paid either for premium or other charges by the policyholder	<u>\$ 1,000</u>
Total to be reported as gross taxable amount	<u>\$31,000</u>

(For premium tax purposes, DO NOT DEDUCT any fees charged or deducted by the company from taxable accumulated amounts.)

Line 3: Record Orphan Premiums; these are premiums from foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies ONLY. Taxable amounts include the same items as in Lines 1a, 1b, and 1c.

Line 4: Record any taxable unallocated annuity considerations and other unallocated deposits that are not reported in Col. 3, of Schedule T. (See NAIC Annual Statement Instructions for details.)

Line 5: Record totals for Columns A, B, and C of Lines 1 through 4 on this line.

Line 6: Record all funds returned prior to annuity commencement date that were taxed in prior period(s) on a Front-end basis.

Line 7: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.

Line 8: Total of Lines 6 and 7.

Line 9: Total of Line 5 less Line 8. Record amounts for Columns A and B on **Annuity Premiums/Considerations, Page 1, Line 3, Columns A and B.**

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FOR CALENDAR YEAR 2002**Schedule C, Section I - Must be completed by annuity insurers**

These schedules are used for audit and Annual Statement cross checking purposes. Therefore, amounts reported on these schedules may not necessarily affect an insurer's premium tax base. Attach a copy of the Annual Statement and Separate Accounts page(s) in order that the amounts reported may be traced from the statement page to the tax return.

Section I: Front-End Basis. Should be completed by insurers that consider funds received from annuity contracts as "gross premiums received" when originally accepted.

Section II: Back-End Basis. Should be completed by insurers that have received approval from the California Department of Insurance to report annuity premiums as "gross premiums received" when funds are applied to the purchase of an annuity.

Line instructions for Section I (Front-End Basis):

Line 1: Record Total Funds on Hand as of 12/31/01 in both the Nationwide and California columns. Record the page number, line number of the annual statement, or the separate account statement to reconcile this amount. Please attach a copy of the annual statement or separate account statement page to the tax return.

Line 2a: Record total funds accepted during the year, i.e., premiums, and all cash payments paid directly by the policyholder.

Line 2b: Record all income, interest and dividends accumulated on annuity deposit during the year.

Line 2c: Record any and all fees paid directly by the policyholder not included in the lines above.

Line 2d: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.

Line 3: Record sum of Lines 1 through 2d in the Nationwide and California columns.

Line 4a: Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees.

Line 4b: Record funds returned in excess of original funds accepted, i.e., and interest income accumulated on the account.

Line 4c: Record funds applied to purchase annuities.

Line 4d: Record funds applied to pay death, disability and other benefits.

Line 4e: Record funds applied to administrative fees and/or any other related charges.

Line 4f: For "Other" state the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.

Line 4g: Total of Lines 4a through 4f.

Line 5: Record the result of Lines 3 over Line 4g.

NOTE: All companies reporting Annuity Premiums on the "Front-End" basis must complete Schedule C, Section I.

LIFE COMPANIES INCLUDING ACCIDENT AND HEALTH INSURANCE TAX RETURN

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FOR CALENDAR YEAR 2002**Schedule C - Section II - Must be completed by annuity insurers**

- Line 1: Record Total Funds on Hand as of 12/31/01 in both the Nationwide and California columns. Record the page number, line number of the annual statement, or the separate account statement to reconcile this amount. Please attach a copy of the annual statement or separate account statement page to the tax return.
- Line 2a: Record total funds accepted during the reporting year.
- Line 2b: Record gross income, interest and dividends accumulated on annuity deposit during the year.
- Line 2c: Record any and all fees paid directly by the policyholder not included in the lines above.
- Line 2d: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 3: Record sum of Lines 1 through 2d in the Nationwide and California columns.
- Line 4a: Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees.
- Line 4b: Record funds returned in excess of original funds accepted, i.e., interest/income accumulated on the account.
- Line 4c: Record funds applied to purchase annuities.
- Line 4d: Record funds applied to pay death, disability and any other benefits.
- Line 4e: Record funds applied to administrative fees, and or any other related charges.
- Line 4f: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 4g: Total of Lines 4a through Lines 4f in the Nationwide and California columns.
- Line 5: Record the result of Line 3 over Line 4g.
- NOTE: All companies reporting annuity premiums on the "Back-End" basis must complete Schedule C, Section II.

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FOR CALENDAR YEAR 2002**Schedule D --- RETALIATORY TAX RETURN**

All foreign and alien insurers must complete this Retaliatory Tax Return.

Part I: State of Domicile Imposition

- Line 1: Record the direct premiums from Schedule T, Line 5 for each type of business.
- Line 2: Record allowable deductions (Pursuant to NAIC Retaliatory Tax Guidelines) of the state of domicile for each column. Be specific as to the entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 3: Record Line 1 less Line 2.
- Line 4: Record tax rate of the state of domicile for each column.
- Line 5: Multiply Line 3 by Line 4 and extend the sum of each column to the total column.
- Line 6: Record the Annual Statement Fee as paid in the state of domicile.
- Line 7: Record the Certificate of Authority Fee as paid in the state of domicile.
- Line 8: Record the Certification Fee as paid in the state of domicile.
- Line 9: Record Agent License Fee paid by company on behalf of agents. Multiply the number of agents times the amount of the state of domicile fee for each agent. Example 5 Agents x \$10 = \$50
- Line 10: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 11: Record the Total Sum of Line 5 through Line 10.

Part II:

- Line 1: Record amount from Page 1, Line 6 of Column C.
- Line 5: Record Agent License Fee paid by company on behalf of agents. Multiply the number of agents times the amount of the California fee for each agent. Example 5 Agents x \$10 = \$50
- Line 6: For "Other": State the specific type of entry on this line. If necessary, provide documentation on a separate page. Please write the company name on any attachments.
- Line 7: Record the Sum of Lines 1 through 6.
- Line 8: If the amount on Part II, Line 7 is greater than the amount on Part I, Line 11, then record zero. Enter zero on **2002 Retaliatory Tax, Page 1, Line 14.**
-OR-
If the amount on Part I, Line 11 is greater than the amount on Part II, Line 7, then record the difference between the amounts. Enter the amount on the **2002 Retaliatory Tax, Page 1, Line 14.**

File a copy of the state of domicile's premium tax return to this Retaliatory Tax Return.

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FOR CALENDAR YEAR 2002**AMENDED TAX RETURNS – TAX REFUND**

A claim for refund shall be in writing and shall state the specific grounds upon which it is founded. See Revenue and Taxation Code Section 12978 and 12979. Write the word "Amended" on the top of the amended return. Please send request to:

State Board of Equalization
Excise Tax Division – MIC 56
P.O. Box 942879

Sacramento, CA 94279-0056

Attention: John Eng, Senior Tax Auditor

AND A
COPY To

California Department of Insurance
Premium Tax Audit Bureau

300 South Spring Street, 14th Floor

Los Angeles, CA 90013-1230

Attention: David Okumura, Senior Examiner

Do not deduct or credit the requested refund when filing any future tax returns or prepayments due. The amount claimed is not a refund until certified as correct and a Notice of Refund is issued to you.

The prepayment amount for the amended tax year is not changed, record the actual prepayment made.

AMENDED TAX RETURN – ADDITIONAL TAX DUE

If you amend a tax return to report additional tax due, send the amended tax return showing clearly where the changes were made, and write the word "Amended" on the top of the amended return.

Please send the amended return to:

California Department of Insurance

Premium Tax Audit Bureau

300 South Spring Street, 14th Floor

Los Angeles, CA 90013-1230

Attention: David Okumura, Senior Examiner

Send a copy of the amended tax return with the check payable to CONTROLLER - STATE OF CALIFORNIA:

State Controller's Office

Division of Collections

Bureau of Tax Administration

P.O. Box 942850

Sacramento, CA 94250-5880

The prepayment amount for the amended tax year is not changed, record the actual prepayment made.

Please note that EFT should only be used for the annual tax and prepayments. Any additional tax, penalty and interest payments are to be made via check.

All payments made toward additional tax due will be applied pursuant to California Revenue and Taxation Code Section 12636.5: "Every payment on a delinquent tax shall be applied as follows: (a) First, to any interest due on the tax. (b) Second, to any penalty imposed by this part. (c) The balance, if any, to the tax itself."

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FOR CALENDAR YEAR 2002**Other Instructions:**

Gross Premiums: Gross premiums consist of all items of cost of the insurance to the insured, except for premiums received for reinsurance, including but not limited to installment charges, finance charges, administration and/or service fees in connection with a self-administered plan, or Mini-Met type plan.

Non-admitted States: Business by a domestic insurer on policyholders in states where the insurer is not licensed to write insurance is to be reported as California premium business unless no part of the transaction occurs in California.

Group Policy Contracts: For groups of less than 500, premiums should be allocated to the state of the group policyholder. For groups of 500 or more, premiums should be allocated to the state of residence of each individual certificate holder of the group.

Deductions NOT allowable: Retrospective or experience rating refunds, or dividends which are not paid directly to the premium payor; excess interest earnings returned to the policyholder and uncollectible agents balances are not allowable deductions.

Returned Annuity Considerations: (Front-end Basis) Refer to lump sum payments returned to annuitant prior to the start of annuitization but, under no circumstances should the amount of this deduction exceed the sum of the annuity consideration received on the contract, nor should such amount of deduction include interest accrual.

Credit for Low Income Housing: Attach certification from the California Tax Credit Allocation Committee. The credit will be disallowed if the certification Form 3521-A and Form K-1 are not attached, resulting in the annual tax being underpaid. Include the company's name and California Permanent Number on the certification.