

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>05/24/2016</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Dale Bruggeman</u></p> <p>TITLE: <u>Chair SAPWG</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u></p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2016-26BVG MOD</u></p> <p>Year <u>2017</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <hr/> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[] Received For Public Comment</p> <p>[X] Adopted Date <u>08/09/2016</u></p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|----------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> QUARTERLY STATEMENT | |
| <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS | <input type="checkbox"/> BLANK |
| <input checked="" type="checkbox"/> Life and Accident & Health | <input checked="" type="checkbox"/> Property/Casualty | <input checked="" type="checkbox"/> Health |
| <input type="checkbox"/> Separate Accounts | <input checked="" type="checkbox"/> Fraternal | <input checked="" type="checkbox"/> Title |
| <input type="checkbox"/> Other Specify _____ | | |

Anticipated Effective Date: 1st Quarter 2017 (Note 5) and 1st Quarter 2018 (Schedule D, Verification, Part 4 and Part 5)

IDENTIFICATION OF ITEM(S) TO CHANGE

Add disclosure to Note 5 for prepayment penalties and acceleration of fees for callable securities which will be data captured. Additional instructions are being added to Columns 18 and 20 of Schedule D, Parts 4 and 5 for reporting prepayment penalties and acceleration of fees for these securities. Also an additional line is being added to the Schedule D, Verification for the total investment income recognized as a result of prepayment penalties and/or acceleration fees.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of the proposal is to reflect changes being adopted by Statutory Accounting Principles Working Group regarding prepayment penalties and acceleration of fees for callable securities.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

SCHEDULE D – PART 4

**LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE
DISPOSED OF DURING THE CURRENT QUARTER**



Detail Eliminated To Conserve Space

Column 18 – Realized Gain or (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For Class One Bond Mutual Funds and Exchange Traded Funds, enter the difference between the consideration, Column 7 and aggregate cost Column 9 at date of sale.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the BACV at the Disposal Date (Column 16) Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 16) Par value of the investment (Column 8).

Column 19 – Total Gain (Loss) On Disposal

Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year

For Mutual Funds (including Class One Bond Mutual Funds and Exchange Traded Funds), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 7) less the Par value of the investment (Column 8).



Detail Eliminated To Conserve Space

SCHEDULE D – PART 4

**LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF
DURING CURRENT YEAR**



Detail Eliminated To Conserve Space

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For Class One Bond Mutual Funds and Exchange Traded Funds, enter the difference between the consideration, Column 7 and aggregate cost Column 9 at date of sale.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the BACV at the Disposal Date (Column 16) Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 16) Par value of the investment (Column 8).

Column 19 – Total Gain (Loss) On Disposal

Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year

For Mutual Funds (including Class One Bond Mutual Funds and Exchange Traded Funds), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 7) less the Par value of the investment (Column 8).



Detail Eliminated To Conserve Space

SCHEDULE D – PART 5

LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE YEAR AND FULLY DISPOSED OF DURING CURRENT YEAR



Detail Eliminated To Conserve Space

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the BACV at the Disposal Date (Column 11) Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 11) Par value of the investment (Column 8).

Column 19 – Total Gain (Loss) On Disposal

Report the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Interest and Dividends Received During Year

For Mutual Funds (including Class One Bond Mutual Funds and Exchange Traded Funds), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 10) less the Par value of the investment (Column 8).



Detail Eliminated To Conserve Space

NOTES TO FINANCIAL STATEMENTS



Detail Eliminated To Conserve Space



5. Investments

Instruction:



Detail Eliminated To Conserve Space



L. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee for the General Account and Separate Account.

Illustration:



Detail Eliminated To Conserve Space



THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

L. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs		
(2) Aggregate Amount of Investment Income		

NOTES TO FINANCIAL STATEMENTS



Detail Eliminated To Conserve Space



5. Investments

Instruction:



Detail Eliminated To Conserve Space



L. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee for the General Account and Protected Cell.

Illustration:



Detail Eliminated To Conserve Space



THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

L. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs		
(2) Aggregate Amount of Investment Income		

NOTES TO FINANCIAL STATEMENTS



5. Investments

Instruction:



L. Prepayment Penalty and Acceleration Fees

For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee.

Illustration:



THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

L. Prepayment Penalty and Acceleration Fees

General Account

- (1) Number of CUSIPs
- (2) Aggregate Amount of Investment Income

2018 QUARTERLY STATEMENT INSTRUCTIONS – LIFE, HEALTH, PROPERTY, FRATERNAL AND TITLE

SCHEDULE D – VERIFICATION

BONDS AND STOCK

- Column 1 – Year to Date
Include all transactions from beginning of current year to end of current quarter.
- Column 2 – Prior Year-Ended December 31
Include all transactions from beginning of prior year to end of prior year.
- Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year
Report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D – Verification Between Years, of the prior year’s annual statement.
- Line 2 – Cost of Bonds and Stocks Acquired
In Column 1, report the actual cost to acquire bonds and stocks on a year-to-date basis, including the cost on bonds and stocks acquired in the current quarter as reported on Schedule D, Part 3, Column 7. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.
- Line 3 – Accrual of Discount
In Column 1, report the total amount of discount accrued on bonds on a year-to-date basis, including the amount on bonds and stocks still owned as of the reporting date and the amount on bonds and stocks disposed in the current quarter and reported on Schedule D, Part 4, Column 12. The accrual of discount should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.
- Line 4 – Unrealized Valuation Increase (Decrease)
Report the total unrealized valuation increase/(decrease) for the entire year-to-date, including the amount on bonds and stocks owned as of the reporting date and the amount on bonds and stocks disposed in the current quarter and reported on Schedule D, Part 4, Column 11.
- Line 5 – Total Gain (Loss) on Disposals
In Column 1, report the gain (loss) on sales of bonds and stocks on a year-to-date basis, including the total gain (loss) of bonds and stocks in the current quarter as reported on Schedule D, Part 4, Column 19.
- Line 6 – Deduct Consideration for Bonds and Stocks Disposed of During the Year
In Column 1, report the total considerations received on bonds and stocks sold on a year-to-date basis, including the amount received on bonds and stock disposed in the current quarter as reported on Schedule D, Part 4, Column 7.

Line 7 – Deduct Amortization of Premium

In Column 1, report the total amount of premium amortized on a year-to-date basis, including the amount on bonds and stocks still owned as of the reporting date and the amount on bonds and stocks disposed in the current quarter and reported on Schedule D, Part 4, Column 12. The amortization of premium should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.

Line 8 – Total Foreign Exchange Change in Book Adjusted Carrying Value

In Column 1, report the unrealized foreign exchange gain or loss on a year-to-date basis, including the amount on bonds and stocks still owned as of the reporting date and the amount on bonds and stocks disposed and reported on Schedule D, Part 4, Column 15.

Line 9 – Deduct Current Year's Other-Than-Temporary Impairment Recognized

Report the other-than-temporary impairments on a year-to-date basis including the amount on bonds and stock still owned and the amount on bonds and stocks disposed and reported on Schedule D, Part 4, Column 13.

Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

In Column 1, report **only** the total investment income recognized on a year-to-date basis, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the current quarter, as a result of a prepayment penalty and/or acceleration fee.

~~Line 40~~11 – Book/Adjusted Carrying Value at the end of Current Period

In Column 1, report the book/adjusted carrying value as of the end of the current period. The amount in ~~Line 40~~11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

~~Line 41~~12 – Deduct Total Nonadmitted Amounts

In column 1, report the adjustment for nonadmitted amounts related to bonds and stocks as of the end of the current period.

Include: The amount of the portfolio that is in excess of any investment limitation.

 The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, Common Stock, Line 2.2.

~~Line 42~~13 – Statement Value at End of Current Period

In Column 1, report the statement value of bonds and stocks owned as of the end of the current period. This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, Common Stock, Line 2.2.

SCHEDULE D – VERIFICATION BETWEEN YEARS

BONDS AND STOCKS

- Line 1 – Book/Adjusted Carrying Value of Bonds and Stocks, December 31 of Prior Year
Report the book/adjusted carrying value of Bonds and Stocks owned as of December 31 on Schedule D, Verification Between Years, of the prior year’s annual statement.
- Line 2 – Cost of Bonds and Stocks Acquired
Report the actual cost to acquire bonds and stocks for the year. The cost of acquiring the investment should be consistent with the accounting guidance contained in the *Accounting Practices and Procedures Manual*.
- Line 3 – Accrual of Discount
Report the total amount of discount accrued for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.
- Line 4 – Unrealized Valuation Increase (Decrease)
Report the total unrealized valuation increase (decrease) for the year.
- Line 5 – Total Gain (Loss) on Disposals
Report the profit (loss) on sales of bonds and stocks for the year.
- Line 6 – Deduct Consideration for Bonds and Stocks Disposed of During the Year
Report the total considerations received on bonds and stocks for the year.
- Line 7 – Deduct Amortization of Premium
Report the total amount of premium amortized for the year, including the amount on bonds and stocks still owned as of the reporting date and reported on Schedule D, Part 1, Column 13 and Schedule D, Part 2, Section 1, Column 16, and the amount on bonds and stocks disposed in the current year and reported on Schedule D, Part 4, Column 12.
- Line 8 – Total Foreign Exchange Change in Book/Adjusted Carrying Value
Report the unrealized foreign exchange gain or loss for the year.
- Line 9 – Deduct Current Year’s Other-Than-Temporary Impairment Recognized
Report the other-than-temporary impairments for the year.

Line 10 – Total Investment Income Recognized as a Result of Prepayment Penalties and/or Acceleration Fees

Report only the total investment income recognized, using the information recorded in Schedule D, Part 4, Column 20, for bonds and stocks that were sold, disposed or otherwise redeemed during the year, as a result of a prepayment penalty and/or acceleration fee. Line 10 should equal Note 5, Line 5L(2).

~~Line 10~~11 – Book/Adjusted Carrying Value at End of Current Period

The amount in Line ~~10~~11 should tie to the Assets Page, Column 1, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1 and Common Stocks, Line 2.2.

~~Line 11~~12 – Deduct Total Nonadmitted Amounts

Include: The amount of the portfolio that is in excess of any investment limitation.

The amount of any goodwill that exceeds the surplus limitation as described in *SSAP No. 68—Business Combinations and Goodwill*.

The amount to be reported here should tie to the Assets Page, Column 2, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

~~Line 12~~13 – Statement Value of Bonds and Stocks, Current Period

This amount should tie to the Assets Page, Column 3, the sum of the lines for Bonds, Line 1, Preferred Stocks, Line 2.1, and Common Stocks, Line 2.2.

2018 QUARTERLY STATEMENT BLANK – LIFE, HEALTH, PROPERTY, FRATERNAL AND TITLE

SCHEDULE D – VERIFICATION
Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....
2. Cost of bonds and stocks acquired.....
3. Accrual of discount.....
4. Unrealized valuation increase (decrease).....
5. Total gain (loss) on disposals.....
6. Deduct consideration for bonds and stocks disposed of.....
7. Deduct amortization of premium.....
8. Total foreign exchange change in book/adjusted carrying value.....
9. Deduct current year's other-than-temporary impairment recognized.....
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees.....
4011. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10).....
412. Deduct total nonadmitted amounts.....
423. Statement value at end of current period (Line 40-11 minus Line 41-2).....

2018 ANNUAL STATEMENT BLANK – LIFE, HEALTH, PROPERTY, FRATERNAL AND TITLE

SCHEDULE D – VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year.....	.....	.....
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	.....	.....
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12.....	.....	.....
4.2 Part 2, Section 1, Column 15.....	.....	.....
4.3 Part 2, Section 2, Column 13.....	.....	.....
4.4 Part 4, Column 11.....	.....	.....
5. Total gain (loss) on disposals, Part 4, Column 19.....	.....	.....
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	.....	.....
7. Deduct amortization of premium.....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15.....	.....	.....
8.2 Part 2, Section 1, Column 19.....	.....	.....
8.3 Part 2, Section 2, Column 16.....	.....	.....
8.4 Part 4, Column 15.....	.....	.....
9. Deduct current year's other-than-temporary impairment recognized:		
9.1 Part 1, Column 14.....	.....	.....
9.2 Part 2, Section 1, Column 17.....	.....	.....
9.3 Part 2, Section 2, Column 14.....	.....	.....
9.4 Part 4, Column 13.....	.....	.....
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees, Notes 5L, Line 5L(2).....	.....	.....
4011. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10).....	.....	.....
412. Deduct total nonadmitted amounts.....	.....	.....
423. Statement value at end of current period (Line 40-11 minus Line 41-2).....	.....	.....