

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: <u>Investment Reporting (E) Subgroup</u> NAME: <u>Tomoko Stock</u> TITLE: <u>Sr. Insurance Examiner</u> AFFILIATION: <u>California Department of Insurance</u> ADDRESS: <u>300 S. Spring St. S. Tower</u> <u>Los Angeles, CA 90013</u>	DATE: <u>10/12/2016</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2016-31BWG</u> Year <u>2017</u> Changes to Existing Reporting [X] New Reporting Requirement []	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
	No Impact [X] Modifies Required Disclosure []	DISPOSITION
	[] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [X] Adopted Date <u>04/08/2017</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input 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: Annual 2017

IDENTIFICATION OF ITEM(S) TO CHANGE

Reduce the number of collateral type categories from 21 to 10 on the Schedule D, Part 1 and to also add more explanations and examples to the categories.

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

The purpose of this proposal is to combine several existing collateral type categories into groups of common collateral types with similar underlying risks. Also, to provide more clarification in the Annual Statement Instructions on what each category should be used for with more detailed instructions and examples of the types of collateral. The existing categories did not provide a detailed explanation of the collateral type categories and the category of "Other" was used frequently. The added explanations will provide additional guidance on what category to choose instead of choosing the category of "Other" as often.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

SCHEDULE D, PART 1 INSTRUCTIONS



Detail Eliminated To Conserve Space

Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

Industrial and Miscellaneous (Unaffiliated)

Residential Mortgage-Backed/ Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999

Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security.

~~1 — Residential Mortgages — Prime~~

~~First lien residential mortgages whose borrower(s) are considered prime. Generally prime borrowers have FICO scores of 660 or above. FICO score is a consumer credit score developed by Fair, Isaac and Co. that is a numerical summary of the relative likelihood that an individual will pay back a loan.~~

~~2 — Residential Mortgages — Non-Prime~~

~~First lien residential mortgages whose borrowers(s) are non prime. Examples of non prime include subprime and Alt A borrowers. Subprime is a first lien mortgage loan made to a borrower who has a history of delinquency or other credit problems. Alt A is a first lien mortgage loan that generally conforms to traditional prime credit guidelines, although the LTV (loan-to-value), loan documentation, occupancy status or property type, or other factors may cause the loan not to qualify under standard underwriting programs.~~

~~3 — Home Equity~~

~~Home equity loans and home equity lines of credit. Usually a junior lien mortgage loan that makes available to the borrower a revolving line of credit, allowing for periodic borrowings and subsequent repayments.~~

~~4 — Other Residential Mortgages~~

~~Other residential mortgages and loans where a non-multifamily residence is used as collateral, not included in 1 through 3.~~

~~5 — Commercial Mortgage Loans~~

~~Loan on a commercial property.~~

- ~~6 — Credit Card~~
- ~~— Credit card receivables.~~
- ~~7 — Auto~~
- ~~Auto loans and dealer floor plan loans.~~
- ~~8 — Student Loans~~
- ~~9 — Aircraft leases~~
- ~~10 — Equipment Leases~~
- ~~11 — Trade Receivables~~
- ~~12 — Loan~~
- ~~Loans not included in other types of collateral.~~
- ~~13 — Commercial paper~~
- ~~14 — Manufactured Housing and Mobile Home Loans~~
- ~~15 — Recreational Vehicles~~
- ~~16 — Small Business Loans~~
- ~~17 — Tax~~
- ~~Tax receivables.~~
- ~~18 — Utility~~
- ~~Receivables from utilities.~~
- ~~19 — Credit Tenant Loan~~
- ~~First liens on real property where rental payments are assigned to the lender (i.e., the credit standing of the major tenant backs the loan).~~
- ~~20 — Single Asset~~
- ~~Collateral consists of a single security or loan.~~
- ~~21 — Other~~
- ~~Collateral not included in 6 through 20.~~
- 1 Residential Mortgage Loans/RMBS
- Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime, Alt-A).
- 2 Commercial Mortgage Loans/CMBS
- Include all types of commercial mortgage loans as collateral (e.g., conduits, single name, etc.).

3 Home Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.

4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles

Include bonds collateralized by individual obligations. Do not include individual obligations that have a real-estate aspect.

5 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper

Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).

6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates

Include bonds collateralized by leases. Equipment leases are loans on heavy equipment. Equipment trust certificates are certificates that entitle the holder to the lease payments on the underlying assets.

7 CLO/CBO/CDO

Include bank loans which securitize CLOs; investment grade and high-yield corporate bonds which securitize CBOs; and corporate bonds and structured securities which securitize CDOs.

8 Manufactured Housing and Mobile Home Loans

Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds they are considered ABS.

9 Credit Tenant Loans

Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral. Also referred to as credit tenant lease, sale-leaseback, or CTL.

10 Other

Include other collateral types that do not fit into categories 1 through 9.

**=====
X** **Detail Eliminated To Conserve Space** **=====
X**