

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: _____ NAME: <u>Dale Bruggeman</u> TITLE: <u>Chair SAPWG</u> AFFILIATION: <u>Ohio Department of Insurance</u> ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	DATE: <u>02/28/2018</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2018-11BWG</u> Year <u>2018</u> Changes to Existing Reporting <input checked="" type="checkbox"/> [X] New Reporting Requirement <input type="checkbox"/> []	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
	No Impact <input checked="" type="checkbox"/> [X] Modifies Required Disclosure <input type="checkbox"/> []	DISPOSITION
	<input type="checkbox"/> [] Rejected For Public Comment <input type="checkbox"/> [] Referred To Another NAIC Group <input type="checkbox"/> [] Received For Public Comment <input checked="" type="checkbox"/> [X] Adopted Date <u>06/12/2018</u> <input type="checkbox"/> [] Rejected Date _____ <input type="checkbox"/> [] Deferred Date _____ <input type="checkbox"/> [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2018

IDENTIFICATION OF ITEM(S) TO CHANGE

Add additional instruction to the “Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument” and “Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be Fixed Income Instruments” categories to clarify not reporting investments in those categories when there is specific category for the investment.

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

This proposal clarifies reporting guidance under the consistency concept to ensure comparability across insurance entities.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

SCHEDULE BA – PARTS 1, 2 AND 3

OTHER LONG-TERM INVESTED ASSETS – GENERAL INSTRUCTIONS



Detail Eliminated To Conserve Space

Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument

Investments that fit into one of the other categories should be reported in those categories and not as fixed or variable interest rate investments that have the underlying characteristics of a bond, mortgage loan or other fixed income instrument. As examples (non-inclusive), collateral loans shall be reported in the designated collateral loan reporting lines (259999 or 269999) and surplus notes shall be reported in the designated capital notes reporting lines (299999 or 309999) although these items could be perceived to have underlying characteristics of bonds or other fixed income instruments.

Include: Fixed income instruments that are not corporate or governmental unit obligations (Schedule D) or secured by real property (Schedule B).

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income instrument which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of a bond or other fixed income investment, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA investment (identified by CUSIP) fits in this category (as identified in the NAIC *Valuation of Securities*). Until affirmed by the SVO, report these BA investments in the category for “Any Other Class of Assets.”

Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be:

Fixed Income Instruments

Investments that fit into one of the other categories should be reported in those categories and not as joint ventures or partnership interests for which the primary underlying investments are considered to be fixed income instruments. As examples (non-inclusive), collateral loans shall be reported in the designated collateral loan reporting lines (259999 or 269999) and surplus notes shall be reported in the designated capital notes reporting lines (299999 or 309999) although these items could be perceived to have underlying characteristics of bonds or other fixed income instruments.

Include: Leveraged Buy-out Fund.
A fund investing in the “Z” strip of Collateralized Mortgage Obligations.

For Life and Fraternal Insurers:

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the reporting entity to possess the underlying characteristics of fixed income instruments, but for which the Securities Valuation Office (SVO) has not affirmed that the specific BA investment (identified by CUSIP) fits in this subcategory. Until affirmed by the SVO, report these BA investments in the “Other” subcategory of this category.

↓ ===== **Detail Eliminated To Conserve Space** ===== ↓

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

SCHEDULE BA – PARTS 2 AND 3

OTHER LONG-TERM INVESTED ASSETS ACQUIRED AND DISPOSED OF

↓ ===== **Detail Eliminated To Conserve Space** ===== ↓

↓ ===== **Detail Eliminated To Conserve Space** ===== ↓

Fixed or Variable Interest Rate Investments that Have the Underlying Characteristics of a Bond, Mortgage Loan or Other Fixed Income Instrument

Investments that fit into one of the other categories should be reported in those categories and not as fixed or variable interest rate investments that have the underlying characteristics of a bond, mortgage loan or other fixed income instrument. As examples (non-inclusive), collateral loans shall be reported in the designated collateral loan reporting lines (259999 or 269999) and surplus notes shall be reported in the designated capital notes reporting lines (299999 or 309999) although these items could be perceived to have underlying characteristics of bonds or other fixed income instruments.

Include: Fixed income instruments that are not corporate or governmental unit obligations (Schedule D) or secured by real property (Schedule B).

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of a bond or other fixed income instrument which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the insurer to possess the underlying characteristics of a bond or other fixed income investment, but for which the Securities Valuation Office (SVO) has not yet affirmed that the specific BA investment (identified by CUSIP) fits in this category (as identified in *the Valuations of Securities* product). Until affirmed by the SVO, report these BA investments in the category for “Any Other Class of Assets.”

Joint Ventures or Partnership Interests for Which the Primary Underlying Investments are Considered to Be:

Fixed Income Instruments

Investments that fit into one of the other categories should be reported in those categories and not as joint ventures or partnership interests for which the primary underlying investments are considered to be fixed income instruments. As examples (non-inclusive), collateral loans shall be reported in the designated collateral loan reporting lines (259999 or 269999) and surplus notes shall be reported in the designated capital notes reporting lines (299999 or 309999) although these items could be perceived to have underlying characteristics of bonds or other fixed income instruments.

Include: Leveraged Buy-out Fund.

A fund investing in the “Z” strip of Collateralized Mortgage Obligations.

For Life and Fraternal Insurers:

Any investments deemed by the insurer to possess the underlying characteristics of fixed income instruments which qualify for Filing Exemption or that have been reviewed and approved by the Securities Valuation Office (SVO) within this category.

Exclude: **For Life and Fraternal Insurers:**

Any investments deemed by the insurer to possess the underlying characteristics of fixed income instruments, but for which the Securities Valuation Office (SVO) has not affirmed that the specific BA investment (identified by CUSIP) fits in this subcategory. Until affirmed by the SVO, report these BA investments in the “Other” subcategory of this category.