

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>05/15/2018</u></p> <p>CONTACT PERSON: <u>Todd Sells</u></p> <p>TELEPHONE: <u>816-783-8403</u></p> <p>EMAIL ADDRESS: <u>tsells@naic.org</u></p> <p>ON BEHALF OF: <u>Financial Stability (EX) Task Force</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2018-21BWG MOD</u></p> <p>Year <u>2019</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>08/04/2018</u></p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Add new line to Note 32, Analysis of Annuity Actuarial Reserves and Deposit Type Contracts by Withdrawal Characteristics that identifies surrender charges over 5% in the current year that will be less than 5% in the subsequent year. Add new Note 33, Analysis of Life Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics. These are to be data captured. Renumber subsequent notes.

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

This proposal will capture additional information that will be beneficial to regulators' analysis for these types of products.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: 2019 was a compromise by the Financial Stability (EX) Task Force

Other Comments:

Refinements to the reconciliation section for both notes may be needed based upon feedback from industry.

** This section must be completed on all forms.

NOTES TO FINANCIAL STATEMENTS



Detail Eliminated To Conserve Space

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics

Instruction:

Disclose the amount of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies by withdrawal characteristics as follows:

For ~~A through E~~ the disclosures below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total, a separate section for Individual Annuities, Group Annuities, and Deposit-Type Contracts (with no life contingencies). Supplementary contracts with life contingencies are reported in the appropriate Annuities section (Individual or Group).

- A.—Subject to discretionary withdrawal:
 - ❖ (1)——With market value adjustment, where withdrawal of funds is payable at all times, or prior to specified maturity dates where such dates are more than one year after the statement date and:
 - a.—In a lump sum with adjustments to reflect general changes in interest rates or asset values since receipt of funds by the reporting entity; or
 - b.—In installments over five years or more, with or without a reduction in the interest rate during the installment period.
 - ❖ ——(2)——At book value less current surrender charge, where the withdrawal of funds is payable at all times, or at any time within one year from the statement date in a lump sum subject to a current fixed surrender charge of 5% or more and it does not contain a meaningful bail out rate as described in subparagraph A5 (d) below.
 - ❖ ——(3)——At fair value, where the withdrawal of funds is payable at current fair value of the assets supporting the liabilities, the assets are stated at current fair value and the liabilities are stated at the current fair value or per unit value of the assets supporting the liabilities. These liabilities are for contracts where the customer bears the entire investment risk.
 - ❖ ——(4)——Total with market value adjustment or at fair value.
 - ❖ ——(5)——At book value without adjustment (minimal or no charge or adjustment) where the withdrawal of funds is either payable at all times or at any time (including a withdrawal on a scheduled payment date) within one year from the statement date and:
 - a.—In a lump sum without adjustment;
 - b.—In installments over less than five years, with or without a reduction in interest rate during the installment period;
 - e.—In a lump sum subject to a fixed surrender charge of less than 5%;
 - d.—In a lump sum subject to surrender charge, but such charge is waived if the credited rate falls below a specified “bail out” rate and the “bail out” rate is more than the maximum statutory valuation rate for life insurance policies for more than 20 years for new issues;
 - e.—All others.

- ~~B.~~—Not subject to discretionary withdrawal.
- ~~C.~~—Total (Gross: Direct + Assumed).
- ~~D.~~—Reinsurance ceded.
- ~~E.~~—Total (net) (C) – (D).
- Amount with current surrender charge of 5% or more included in A(1)b, B(1)b and C(1)b (from the tables illustrated below) in the current year that will have less than a 5% surrender charge (and thus be reported in A(1)e, B(1)e and C(1)e (from the tables illustrated below) in the year subsequent to the balance sheet year. (% column is not required)
- ~~F.~~—Reconcile total annuity reserves (all non-life reserves from Exhibit 5) and deposit-type contract fund liabilities (per Exhibit 7) amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit and the Deposit Funds and Other Liabilities without Life or Disability Contingencies Exhibit, of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement. The reconciliation is a single presentation including all amounts from the sections on Individual Annuities, Group Annuities, and Deposit-Type Contracts.

Illustration:

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and Other Liabilities Without Life or Disability Contingencies

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.

A. INDIVIDUAL ANNUITIES:

	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1)A. Subject to discretionary withdrawal:					
(1)a. With market value adjustment	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
(2)b. At book value less current surrender charge of 5% or more	_____	_____	_____	_____	_____
(3)c. At fair value	_____	_____	_____	_____	_____
(4)d. Total with market value adjustment or at fair value (total of 1 through 3)	_____	_____	_____	_____	_____
(5)e. At book value without adjustment (minimal or no charge or adjustment)	_____	_____	_____	_____	_____
(2)B. Not subject to discretionary withdrawal	_____	_____	_____	_____	_____
(3)C. Total (gross: direct + assumed)	_____	_____	_____	_____	100%
(4)D. Reinsurance ceded	_____	_____	_____	_____	_____
(5)E. Total (net)* (C3) – (D4)	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) <u>Amount included in A(1)b above that will move to A(1)e in the year after the statement date:</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____

* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

B. GROUP ANNUITIES:

	<u>General Account</u>	<u>Separate Account with Guarantees</u>	<u>Separate Account Nonguaranteed</u>	<u>Total</u>	<u>% of Total</u>
(1) <u>Subject to discretionary withdrawal:</u>					
a. <u>With market value adjustment</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
b. <u>At book value less current surrender charge of 5% or more</u>	_____	_____	_____	_____	_____
c. <u>At fair value</u>	_____	_____	_____	_____	_____
d. <u>Total with market value adjustment or at fair value (total of 1 through 3)</u>	_____	_____	_____	_____	_____
e. <u>At book value without adjustment (minimal or no charge or adjustment)</u>	_____	_____	_____	_____	_____
(2) <u>Not subject to discretionary withdrawal</u>	_____	_____	_____	_____	_____
(3) <u>Total (gross: direct + assumed)</u>	_____	_____	_____	_____	100%
(4) <u>Reinsurance ceded</u>	_____	_____	_____	_____	_____
(5) <u>Total (net)* (3) – (4)</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) <u>Amount included in B(1)b above that will move to B(1)e in the year after the statement date:</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____

C. DEPOSIT-TYPE CONTRACTS
(no life contingencies):

	<u>General Account</u>	<u>Separate Account with Guarantees</u>	<u>Separate Account Nonguaranteed</u>	<u>Total</u>	<u>% of Total</u>
(1) <u>Subject to discretionary withdrawal:</u>					
a. <u>With market value adjustment</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____ %
b. <u>At book value less current surrender charge of 5% or more</u>	_____	_____	_____	_____	_____
c. <u>At fair value</u>	_____	_____	_____	_____	_____
d. <u>Total with market value adjustment or at fair value (total of 1 through 3)</u>	_____	_____	_____	_____	_____
e. <u>At book value without adjustment (minimal or no charge or adjustment)</u>	_____	_____	_____	_____	_____
(2) <u>Not subject to discretionary withdrawal</u>	_____	_____	_____	_____	_____
(3) <u>Total (gross: direct + assumed)</u>	_____	_____	_____	_____	100%
(4) <u>Reinsurance ceded</u>	_____	_____	_____	_____	_____
(5) <u>Total (net)* (3) – (4)</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____
(6) <u>Amount included in C(1)b above that will move to C(1)e in the year after the statement date:</u>	\$ _____	\$ _____	\$ _____	\$ _____	_____

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.

Amounts reported in D to balance to the appropriate amounts from the Individual Annuities, Group Annuities, and Deposit-Type Contracts sections reported above.

FD.

	Amount
Life & Accident & Health Annual Statement:	
(1) Exhibit 5, Annuities Section, Total (net)	\$ _____
(2) Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	_____
(3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	_____
(4) Subtotal	=====
Separate Accounts Annual Statement:	
(5) Exhibit 3, Line 0299999, Column 2	_____
(6) Exhibit 3, Line 0399999, Column 2	_____
(7) Policyholder dividend and coupon accumulations	_____
(8) Policyholder premiums	_____
(9) Guaranteed interest contracts	_____
(10) Other contract deposit funds	_____
(11) Subtotal	=====
(12) Combined Total	\$ =====

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics

Instruction:

Disclose the amounts of account value, cash value and reserve for the breakouts of life insurance by withdrawal characteristics, separately for General Account products and Separate Account Nonguaranteed products, as follows:

Note: The difference between the account value and the cash value is the surrender charge, if any. After the surrender period is over, there is no difference. Some contract types have no account value such as traditional whole life, term, etc. So if there is no account value, leave it blank. UL typically has an account value and a cash surrender value.

Just as account values are not reduced for policy loans taken and outstanding, the cash value amount reported in this note should not be reduced for policy loans taken and outstanding. This will ensure the difference between account value and cash value is the actual surrender charge.

A. Subject to discretionary withdrawal, surrender values, or policy loans:

- (1) Term Policies with Cash Value
- (2) Universal Life
- (3) Universal Life with Secondary Guarantees
- (4) Indexed Universal Life
- (5) Indexed Universal Life with Secondary Guarantees
- (6) Indexed Life
- (7) Other Permanent Cash Value Life Insurance
- (8) Variable Life
- (9) Variable Universal Life
- (10) Miscellaneous Reserves

B. Not subject to discretionary withdrawal or no cash value.

- (1) Term Policies without Cash Value
- (2) Accidental Death Benefits
- (3) Disability - Active Lives
- (4) Disability - Disabled Lives
- (5) Miscellaneous Reserves

C. Total (Gross: Direct + Assumed).

D. Reinsurance ceded.

E. Total (net) (C) – (D).

F. Reconcile total life insurance reserves amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit (Exhibit 5) of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement. The reconciliation is a single presentation including all amounts from the sections on Individual Annuities, Group Annuities, and Deposit-Type Contracts.

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.

	<u>General Account</u>			<u>Separate Account - Nonguaranteed</u>		
	<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>	<u>Account Value</u>	<u>Cash Value</u>	<u>Reserve</u>
A. <u>Subject to discretionary withdrawal, surrender values, or policy loans:</u>						
(1) <u>Term Policies with Cash Value</u>	.....	.....	.....	.....	.....	.....
(2) <u>Universal Life</u>	.....	.....	.....	.....	.....	.....
(3) <u>Universal Life with Secondary Guarantees</u>	.....	.....	.....	.....	.....	.....
(4) <u>Indexed Universal Life</u>	.....	.....	.....	.....	.....	.....
(5) <u>Indexed Universal Life with Secondary Guarantees</u>	.....	.....	.....	.....	.....	.....
(6) <u>Indexed Life</u>	.....	.....	.....	.....	.....	.....
(7) <u>Other Permanent Cash Value Life Insurance</u>	.....	.....	.....	.....	.....	.....
(8) <u>Variable Life</u>	.....	.....	.....	.....	.....	.....
(9) <u>Variable Universal Life</u>	.....	.....	.....	.....	.....	.....
(10) <u>Miscellaneous Reserves</u>	.....	.....	.....	.....	.....	.....
B. <u>Not subject to discretionary withdrawal or no cash values</u>						
(1) <u>Term Policies without Cash Value</u>	XXX	XXX	.....	XXX	XXX	.....
(2) <u>Accidental Death Benefits</u>	XXX	XXX	.....	XXX	XXX	.....
(3) <u>Disability - Active Lives</u>	XXX	XXX	.....	XXX	XXX	.....
(4) <u>Disability - Disabled Lives</u>	XXX	XXX	.....	XXX	XXX	.....
(5) <u>Miscellaneous Reserves</u>	XXX	XXX	.....	XXX	XXX	.....
C. <u>Total (gross: direct + assumed)</u>	.....	.....	.....	.....	.....	.....
D. <u>Reinsurance Ceded</u>	.....	.....	.....	.....	.....	.....
E. <u>Total (net) (C) - (D)</u>	.....	.....	.....	.....	.....	.....

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. Amounts reported in F to balance to the appropriate amounts from the Sections A and B reported above.

F.	<u>Amount</u>	
	<u>Life & Accident & Health Annual Statement:</u>	
	(1) Exhibit 5, Life Insurance Section, Total (net)	\$ _____
	(2) Exhibit 5, Accidental Death Benefits Section, Total (net)	_____
	(3) Exhibit 5, Disability – Active Lives Section, Total (net)	_____
	(4) Exhibit 5, Disability – Disabled Lives Section, Total (net)	_____
	(5) Exhibit 5, Miscellaneous Reserves Section, Total (net)	_____
	(6) Subtotal	_____
	<u>Separate Accounts Annual Statement:</u>	
	(7) Exhibit 3, Line 0199999, Column 2	_____
	(8) Exhibit 3, Line 0499999, Column 2	_____
	(9) Exhibit 3, Line 0599999, Column 2	_____
	(10) Subtotal (Lines (7) through (9))	_____
	(11) Combined Total ((6) and (10))	\$ _____

3334. Premiums and Annuity Considerations Deferred and Uncollected



Detail Eliminated To Conserve Space



3435. Separate Accounts



Detail Eliminated To Conserve Space



3536. Loss/Claim Adjustment Expenses



Detail Eliminated To Conserve Space



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