

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>03/05/2019</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2019-08BWG MOD</u> Year <u>2019</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>06/24/2019</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] INSTRUCTIONS | <input type="checkbox"/> [] CROSSCHECKS |
| <input type="checkbox"/> [] QUARTERLY STATEMENT | <input type="checkbox"/> [] BLANK | |
| <input checked="" type="checkbox"/> [X] Life, Accident & Health/Fraternal | <input type="checkbox"/> [] Separate Accounts | <input checked="" type="checkbox"/> [X] Title |
| <input checked="" type="checkbox"/> [X] Property/Casualty | <input type="checkbox"/> [] Protected Cell | <input type="checkbox"/> [] Other _____ |
| <input checked="" type="checkbox"/> [X] Health | <input type="checkbox"/> [] Health (Life Supplement) | |

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instructions for Note 12 (Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans) to reflect changes adopted for *SSAP No. 92—Postretirement Benefits Other Than Pension* and *SSAP No. 102—Pension*.

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

The purpose of this proposal is to modify the disclosure in Note 12 to reflect the changes to *SSAP No. 92—Postretirement Benefits Other Than Pension* and *SSAP No. 102—Pension* adopted by the Statutory Accounting Principles (E).

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

NOTES TO FINANCIAL STATEMENTS



Detail Eliminated to Conserve Space

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans



Detail Eliminated to Conserve Space

Instruction:

A. Defined Benefit Plan

Disclose the following regarding a reporting entity sponsoring a Defined Benefit Plan for which the reporting entity is directly liable (i.e., the plan resides directly in the reporting entity):

- (1) A reconciliation of beginning and ending balances of the benefit obligation for pension benefits, postretirement benefits, and special or contractual termination benefits showing separately, if applicable, the effects during the period attributable to each of the below. For special or contractual termination benefits see *SSAP No. 11—Postemployment Benefits and Compensated Absences* for additional information.
 - Beginning balance
 - Service cost
 - Interest cost
 - Contributions by plan participants
 - Actuarial gains and losses
 - Foreign currency exchange rate changes
 - Benefits paid
 - Plan amendments
 - Business combinations, divestitures, curtailments, settlements, and special termination benefits
 - Ending balance



Detail Eliminated to Conserve Space

- (5) Separately the net gain or loss and net prior service cost or credit recognized in unassigned funds (surplus) for the period and reclassification adjustments of unassigned funds (surplus) for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.
- ~~(6) The amounts in unassigned funds (surplus) expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.~~
- (76) The amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

- (87) On a weighted-average basis, the following assumptions used in accounting for the plans:
- ~~Assumed~~ Discount rate
 - Rate of compensation increase (for pay-related plans)
 - Expected long-term rate of return on plan assets
 - Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)
- (98) The amount of the accumulated benefit obligation for defined benefit pension plans.
- (109) For postretirement benefits other than pensions, the assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved
- ~~(11) For postretirement benefits other than pensions, the effect of a one percentage point increase and the effect of a one percentage point decrease in the assumed health care cost trend rates on: (1) the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost; and (2) the accumulated postretirement benefit obligation for health care benefits. (For purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting.)~~
- (1210) The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits should be estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.
- (1311) The reporting entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.
- (1412) If applicable, the amounts and types of securities of the reporting entity and related parties included in plan assets, ~~the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the reporting entity or related parties, and any significant transactions between the reporting entity or related parties and the plan during the period.~~
- (1513) If applicable, any alternative method used to amortize prior service amounts or net gains and losses.
- (1614) If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.
- (1715) If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.
- (1816) An explanation of the following information:~~any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by SSAP No. 102 – Pensions and SSAP No. 92 – Postretirement Benefits Other Than Pensions.~~
- The reasons for significant gains and losses related to changes in the defined benefit obligation for the period.
 - Any other significant change in the benefit obligation or plan assets not otherwise apparent in the other required disclosures in this statement.
- ~~(19) The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.~~

~~(2017)~~ Reporting entities are required to disclose the accumulated postretirement and pension benefit obligation and the fair value of plan assets for defined postretirement and pension benefit plans in the first reporting period after the effective date of this standard and in each subsequent reporting period. This disclosure shall specifically note the funded/underfunded status of the postretirement benefit plan. Reporting entities shall also specifically note the surplus impact necessary, at each reporting date, to reflect the full benefit obligation within the financial statements.

(2118) Reporting entities electing to apply the transition guidance set forth in *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* must disclose the full transition surplus impact calculated from applying guidance in the first quarter statutory financial statements after the transition date and each reporting period thereafter. This disclosure shall include the initial “transition liability” calculated under guidance and the annual amortization amount of the “unrecognized items” into net periodic benefit cost. This disclosure shall include a schedule of the entity’s anticipated recognition of the remaining surplus impact over the transition period.

See *SSAP No. 102—Pensions* and *SSAP No. 92—Postretirement Benefits Other Than Pensions* for details of the transition guidance.

Information about plan assets:

The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies:
- The classes of plan assets.
- The inputs and valuation techniques used to measure the fair value of plan assets.
- The effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period.
- Significant concentrations of risk within plan assets.

A reporting entity shall consider those overall objectives in providing the following information about plan assets.

- B. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the classes of plan assets disclosed pursuant to “C” below, as of the latest statement of financial position presented (on a weighted-average basis for reporting entities with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations. For investment funds disclosed as classes as described in “C” below, a description of the significant investment strategies of those funds shall be provided.



Detail Eliminated to Conserve Space



Illustration:

A. Defined Benefit Plan

The Company sponsors non-contributory defined benefit pension plans covering U.S. employees. As of December 31, 20__, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 20__ and 20__:



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.

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Items not yet recognized as a component of net periodic cost – prior year	\$ _____	\$ _____	\$ _____	\$ _____
b. Net transition asset or obligation recognized	\$ _____	\$ _____	\$ _____	\$ _____
c. Net prior service cost or credit arising during the period	\$ _____	\$ _____	\$ _____	\$ _____
d. Net prior service cost or credit recognized	\$ _____	\$ _____	\$ _____	\$ _____
e. Net gain and loss arising during the period	\$ _____	\$ _____	\$ _____	\$ _____
f. Net gain and loss recognized	\$ _____	\$ _____	\$ _____	\$ _____
g. Items not yet recognized as a component of net periodic cost – current year	\$ _____	\$ _____	\$ _____	\$ _____

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.

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	\$ _____	\$ _____	\$ _____	\$ _____
b. Net prior service cost or credit	\$ _____	\$ _____	\$ _____	\$ _____
c. Net recognized gains and losses	\$ _____	\$ _____	\$ _____	\$ _____

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.

(76) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	20__	20__	20__	20__
a. Net transition asset or obligation	\$ _____	\$ _____	\$ _____	\$ _____
b. Net prior service cost or credit	\$ _____	\$ _____	\$ _____	\$ _____
c. Net recognized gains and losses	\$ _____	\$ _____	\$ _____	\$ _____

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. FOR EXAMPLE, ADDITIONAL INFORMATION MAY BE NECESSARY FOR MULTIPLE PLANS AGGREGATED IN THE DISCLOSURE.

(NOTE: THIS DOES NOT INCLUDE THE ENDING NARRATIVE.)

(87) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	20__	20__
a. Weighted-average discount rate	_____	_____
b. Expected long-term rate of return on plan assets	_____	_____
c. Rate of compensation increase	_____	_____
d. <u>Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)</u>	_____	_____

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	20__	20__
e. Weighted-average discount rate	_____	_____
f. Rate of compensation increase	_____	_____
g. <u>Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)</u>	_____	_____

For measurement purposes, a ___ percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 20__. The rate was assumed to decrease gradually to ___ percent for 20__ and remain at that level thereafter.

(98) The amount of the accumulated benefit obligation for defined benefit pension plans was \$ _____ for the current year and \$ _____ for the prior year.

(409) The company has multiple non-pension postretirement benefit plans. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory. The accounting for the health care plans anticipates future cost-sharing changes to the written plan that are consistent with the company's expressed intent to increase retiree contributions each year by ___ percent of the excess of the expected general inflation rate over ___ percent. On December 31, 20__, the company amended its postretirement health care plans to provide long-term care coverage.

~~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.~~

~~(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)~~

~~(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:~~

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ _____	\$ _____
b. Effect on postretirement benefit obligation	\$ _____	\$ _____

~~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.~~

(4210) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

	Year(s)	Amount
a.	20__	\$ _____
b.	20__	\$ _____
c.	20__	\$ _____
d.	20__	\$ _____
e.	20__	\$ _____
f.	20__ through 20__	\$ _____

(4311) The Company does not have any regulatory contribution requirements for 20__, however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of \$245 million in 20__.

(2017) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.

(2418) See implementation guide for *SSAP No. 102—Pensions* for examples of disclosure.


=
=
=
Detail Eliminated to Conserve Space
=
=
=


This page intentionally left blank.