

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>03/06/2019</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2019-15BWG</u> Year <u>2019</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>06/24/2019</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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|---|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input checked="" type="checkbox"/> QUARTERLY STATEMENT | <input type="checkbox"/> BLANK | |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input checked="" type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input checked="" type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instructions for "Actual Cost" Column for Schedules D (Parts 1, 3, 4 and 5), and Schedule DA to provide guidance for the amount to enter when bonds are received as a property dividend or capital contribution.

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

The purpose of this proposal is to modify the instructions for "Actual Cost" to reflect the changes to *SSAP No. 26R—Bonds* adopted by the Statutory Accounting Principles (E) Working Group when bonds are received as a property dividend or capital contribution.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

SCHEDULE D – PART 1

LONG-TERM BONDS OWNED DECEMBER 31 OF CURRENT YEAR



Column 7 – Actual Cost

This column should contain the actual consideration paid to purchase the security. The Actual Cost column amount should be adjusted for: pay downs and partial sales (both reported in Schedule D, Part 4) and subsequent acquisitions of the same issue (reported in Schedule D, Part 3). Actual cost will need to be adjusted due to “other-than-temporary impairments” recognized, for use when determining realized gain/(loss) at disposition.

Include: Brokerage and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Cost of acquiring the bond or stock including broker’s commission and incidental expenses of effecting delivery, transaction fees on re-pooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the original cost of the shares purchased, including brokerage and other related fees.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.



SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED DURING CURRENT YEAR



Detail Eliminated to Conserve Space

Column 7 – Actual Cost

This is the recorded cost of the investment purchased during the current year and still held as of the end of the current year. This amount would also be reported in the Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. The amount reported in the Actual Cost Column included in Schedule D, Part 3 will never differ from the actual consideration paid to purchase the security. Any appropriate adjustments to the Actual Cost will be made in the detail listing schedules (Schedule D, Part 1; Schedule D, Part 2, Section 1; and Schedule D, Part 2, Section 2) or in Schedule D, Part 4, as appropriate.

Include: Cost of acquiring the bond or stock, including broker’s commission and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Transaction fees on repooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e. points).

Exclude: Accrued interest and dividends.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds shall be charged to expense when incurred.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.



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 9 – Actual Cost

This is the recorded cost of an investment that was purchased during the current reporting year and sold during the current reporting year.

Include: Cost of acquiring the bond or stock, including broker’s commission and other related fees to the extent they do not exceed the fair value at the date of acquisition.

Exclude: Accrued interest and dividends.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds, are charged to expense when incurred.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.



Detail Eliminated to Conserve Space

SCHEDULE DA – PART 1

SHORT-TERM INVESTMENTS OWNED DECEMBER 31 OF CURRENT YEAR

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Column 13 – Actual Cost

Include: Cost of acquiring the issue, including brokers' commission and incidental expenses of effecting delivery.

Exclude: Accrued interest.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.

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

SCHEDULE D – PART 3

LONG-TERM BONDS AND STOCKS ACQUIRED DURING THE CURRENT QUARTER



Column 7 – Actual Cost

Include: Cost of acquiring the bond or stock, including broker’s commission and other related fees, to the extent they do not exceed the fair value at the date of acquisition.

Transaction fees on repooling of securities, and reductions for origination fees intended to compensate the reporting entity for interest rate risks (i.e., points).

Exclude: Accrued interest and dividends.

All other costs, including internal costs or costs paid to an affiliated reporting entity related to origination, purchase or commitment to purchase bonds shall be charged to expense when incurred.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.



SCHEDULE D – PART 4

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



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Column 9 – Actual Cost

This is the recorded cost of the investment purchased during or prior to the current reporting quarter and sold during the current reporting quarter. If purchase was recorded on prior year Annual Statement and sold during the current reporting quarter, the amount will come from the prior reporting year's Actual Cost column of Schedule D, Part 1 for bonds, Schedule D, Part 2, Section 1 for preferred stock, and Schedule D, Part 2, Section 2 for common stock. However, it will need to be adjusted due to other-than-temporary impairments recognized year-to-date.

Include: Cost of acquiring the bond or stock, including broker's commission and other related fees to the extent they do not exceed the fair market value at the date of acquisition.

Exclude: Accrued interest and dividends.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.



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SCHEDULE DA – PART 1

SHORT-TERM INVESTMENTS OWNED END OF CURRENT QUARTER

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Column 3 – Actual Cost

Include: Cost of acquiring the issue, including broker’s commission and incidental expenses of effecting delivery.

Exclude: Accrued interest.

For a bond received as a property dividend or capital contribution enter the initial recognized value. See SSAP No. 26R—Bonds for guidance.

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