

**Legal Entity Insurer - Existing Blanks Disclosures**

1) All Investment Schedules

- a. Description column provides issuer information (not currently easy to data mine; might be easier in new BI framework the NAIC is developing).
- b. CUSIP column in Schedule D and DA Parts allows some aggregation ability. *Schedule D also has a summary by country.*
- c. Affiliated investments are reported separately from unaffiliated.
- d. Good counterparty information on Schedule DB for derivatives contracts, except when the insurer uses an affiliated aggregator and thus avoids Schedule DB disclosure.

2) Liabilities Page

- a. Note to F/S #14 - Liabilities, Contingencies and Assessments
  - i. Disclosures for any commitment or contingent commitment to an SCA entity, joint venture, partnership or LLC.
  - ii. Disclosures by guarantor include the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated).
- b. Note to F/S #11- Borrowed Money
  - i. Detailed disclosures on exposures to Federal Home Loan Banks (FHLB) as a category.

3) New Note 5G through 5I - For year-end 2017, counterparty disclosures for repurchase agreements and reverse repurchase agreements will exist, requiring the allocation of fair value of securities sold/acquired by counterparty, including identification of the counterparty's jurisdiction.

4) Note 10-Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- a. Disclosure of the name plus other data of the SCA entity if its value exceeds 10% of the reporting entity's admitted assets.

5) Reinsurance Counterparties -Schedule F and Schedule S detail listings

6) Schedule Y, Part 2 -Summary of Insurer's Transactions with Any Affiliates

- a. Detail listing of material intragroup transactions, summarized in a single line for each SCA.

*Additional Annual Statement Blank disclosures relevant to assessing concentrations:*

- o Note 6.A – value of any JV, Partnership, or LLC that exceeds 10% of admitted assets
- o Note 10.A - A description of the transactions for each of the periods for which financial statements are presented, and such other information considered necessary to obtain an understanding of the effects of the transactions on the financial statements. Exclude reinsurance transactions, any non-insurance transactions that are less than ½ of 1% of the total admitted assets of the reporting entity, and cost allocation transactions.
- o Note 16 – Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk
- o Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – includes details if greater than or equal to 5% of surplus.
- o Note 21.F – Subprime Mortgage Related Risk Exposure

*Additional Audited Financials disclosures relevant to assessing concentrations:*

- o Investment Risk Interrogatories show numerous pieces of investment concentration related data.
- o SSAP 1 - Companies shall make disclosures in their financial statements about risks and uncertainties existing as of the date of those statements in the following areas: ..... Current vulnerability due to certain concentrations (catch-all disclosure required for audited financial statements)
- o SSAP 26 – Bonds by category

- Schedule S – Full listings of reinsurance counterparties (assumed and ceded)
- Collateralized Borrowings: Note 11 (FHLB)
- Guarantees and Commitments: Note 14

### **Legal Entity Insurer - Existing Regulator Only Disclosures**

- 1) Asset Concentration Factor pages of the RBC filings list the top 10 issuers, aggregating different types of investments, to which the legal entity insurer is exposed.
- 2) New York Liquidity and Severe Mortality Inquiry:
  - a. 10 holders of the largest aggregated withdrawal values of GICS, funding agreements or similar instruments with contract holder cash-out options.
  - b. 10 holders of the largest aggregated withdrawal values of COLI and BOLI.
- 3) Credit for Reinsurance Model Law requires ceding insurer to notify domestic commissioner if reinsurance recoverables from or gross written premium ceded to any single assuming insurer or group exceeds or is likely to exceed specified thresholds.
- 4) ORSA may provide counterparty risk exposure information derived from internal reports.

### **Insurance Group**

Holding Company filings regarding intercompany transactions?

*Agree that these address concentration risk and could be spelled out in more detail.*

Additional counterparty risk factored into the Risk Based Capital Formula (RBC)

- Asset Concentrations: LR10, LR11
- Derivative Counterparty Exposures: LR12, LR17
- SCA (Subsidiary) Asset Risk: LR43
- Credit risk on reinsurance recoverable and reserve credit (LR016);
  - Counterparty (C-0) & Credit/Market Valuation (C-1) Risks on Assets Assumed via reinsurance (LR46 & 48)
- Counterparty risks on collateralized borrowings and hedge exposures (LR017)
- Affiliate Guarantees (LR017)

The Form B reports affiliate loans, other investments, or purchases, sales or exchanges of securities of the affiliates in excess of .5% of admitted assets. It also requires disclosure of affiliate guarantees over .5%.