

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p align="right">DATE: <u>Oct. 2017</u></p> <p>CONTACT PERSON: <u>Larry Bruning</u></p> <p>TELEPHONE: <u>816-783-8231</u></p> <p>EMAIL ADDRESS: <u>LBruning@naic.org</u></p> <p>ON BEHALF OF: <u>Liquidity Assessment (EX) Subgroup</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p align="center"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # _____</p> <p>Year _____</p> <p>Changes to Existing Reporting [ ]</p> <p>New Reporting Requirement [ ]</p> <hr/> <p align="center"><b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact [ ]</p> <p>Modifies Required Disclosure [ ]</p> <hr/> <p align="center"><b>DISPOSITION</b></p> <p>[ ] Rejected For Public Comment</p> <p>[ ] Referred To Another NAIC Group</p> <p>[ ] Received For Public Comment</p> <p>[ ] Adopted Date _____</p> <p>[ ] Rejected Date _____</p> <p>[ ] Deferred Date _____</p> <p>[ ] Other (Specify) _____</p>
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**BLANK(S) TO WHICH PROPOSAL APPLIES**

- |  |   |                                 |
|--|---|---------------------------------|
| <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 2018

**IDENTIFICATION OF ITEM(S) TO CHANGE**

Add new line to Note 32, Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities 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: \_\_\_\_\_

Other Comments:

\*\* This section must be completed on all forms.

### 32. Analysis of Annuity Actuarial Reserves and Deposit Type 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 F below, disclose the general account and separate account with guarantees, separate account nonguaranteed amounts, as well as the total (% column is not required for F).

- 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;
    - c. 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).
- F. Amount with current surrender charge of 5% or more included in A.(2) in the current year that will have less than a 5% surrender charge (and thus be reported in A.(5) in the year subsequent to the balance sheet year.

- G. Reconcile total annuity reserves and deposit fund liabilities 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.

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.**

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

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

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	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	\$ =====

**NEW NOTE 33. Analysis of Life Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics  
(Renumber subsequent notes)**

Instruction:

Disclose the amounts of account value, cash value and reserve for the breakouts of life insurance and deposit-type contract funds and other liabilities by withdrawal characteristics, separately for General Account products and Separate Account Nonguaranteed products, as follows:

A. Subject to discretionary withdrawal.

- (1) Universal Life
- (2) Universal Life with Secondary Guarantees
- (3) Indexed Universal Life
- (4) Indexed Universal Life with Secondary Guarantees
- (5) Indexed Life
- (6) Other Permanent Cash Value Life Insurance
- (7) Variable Life
- (8) Variable Universal Life

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

- (1) Term
- (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).

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.**

	General Account			Separate Account - Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
A. Subject to discretionary withdrawal:						
(1) Universal Life						
(2) Universal Life with Secondary Guarantees						
(3) Indexed Universal Life						
(4) Indexed Universal Life with Secondary Guarantees						
(5) Indexed Life						
(6) Other Permanent Cash Value Life Insurance						
(7) Variable Life						
(8) Variable Universal Life						
B. Not subject to discretionary withdrawal or no cash values						
(1) Term						
(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)						