NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 11/12/2019

CONTACT PERSON: 
TELEPHONE: 
EMAIL ADDRESS: 
ON BEHALF OF:

NAME: Dale Bruggeman
TITLE: Chair SAPWG
AFFILIATION: Ohio Department of Insurance
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Columbus, OH 43215

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Agenda Item # 2019-28BWG
Year 2020
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 05/28/2020
[ ] Rejected Date
[ ] Deferred Date
[ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES

[ X ] ANNUAL STATEMENT [ X ] INSTRUCTIONS [ ] CROSSCHECKS
[ ] QUARTERLY STATEMENT [ X ] BLANK
[ X ] Life, Accident & Health/Fraternal [ ] Separate Accounts [ X ] Title
[ X ] Property/Casualty [ ] Protected Cell [ ] Other _______________________
[ X ] Health [ ] Health (Life Supplement)

Anticipated Effective Date: Annual 2020

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instruction for Supplemental Investment Risk Interrogatories Lines 13.02 through 13.11 clarifying when to identify the actual equity interests within a fund and aggregate those equity interests for determination of the ten largest equity interests.

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

The purpose of this proposal is to clarify when reporting entities are required to identify actual equity interests within a fund and aggregate those equity interests to determine their ten largest equity interests.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: ____________________________

Other Comments:

** This section must be completed on all forms.
ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

Report the amounts and percentages of admitted assets held in the ten largest equity interests (including equity funds that qualify individually as one of the largest equity interests and a look-through of investments in the shares of non-diversified mutual funds and ETFs, preferred stocks, publicly traded equity securities, and other equity securities (including Schedule BA equity interests), and excluding money market and bond mutual funds listed in Part Six, Sections 2(f) and (g) of the Purposes and Procedures Manual of the NAIC Investment Analysis Office as exempt or NAIC-1). Equity interests in all funds that are diversified in accordance with the Investment Company Act of 1940 do not need to be individually assessed and aggregated to determine the ten largest equity interests. For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual equity interests within the fund and aggregate those equity interests to determine their ten largest equity interests.

Determine the ten largest equity interests by first aggregating investments included in this line by issuer. For example, the reporting entity owns preferred stock of the XYZ Company of $600,000, and common stock of the XYZ Company of $300,000 and $50,000 of XYZ identified through a look-through of a non-diversified stock closed-end fund reported on Schedule D-2-2. The total is $950,000 ($600,000+$300,000+$50,000). The reporting entity also owns bonds issued by the XYZ Company of $500,000 that are excluded from this calculation because bonds are debt instruments. The reporting entity may also have exposure to equity interests in XYZ through mutual funds that are excluded from this calculation as the funds are diversified within the meaning of the Investment Company Act of 1940. Other equity securities include partnerships and Limited Liability Companies (LLC) and any other investments reported in Schedule BA classified as equity.

The following funds shall also be excluded from aggregation as equity interests: SVO-Identified U.S. Direct Obligations / Full Faith And Credit Exempt List of Money Market Mutual Funds, SVO-Identified Bond ETFs, SVO-Identified Bond Mutual Funds and SVO Identified fund investments with underlying characteristics of fixed-income instruments, which do not contain underlying equities and that are outlined within the Purposes and Procedures Manual of the NAIC Investment Analysis Office.