

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>01/14/2020</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2020-08BWG MOD</u> Year <u>2020</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>05/28/2020</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input 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 2020

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a disclosure instruction for 10C to the Notes to Financial Statement for related party transactions not captured on Schedule Y. Combine existing 10C into 1B instructions and illustration narrative.

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

The purpose of this proposal is to reflect the disclosure addition for *SSAP No. 25—Affiliates and Other Related Parties* being adopted by the Statutory Accounting Principles (E) Working Group.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

Proposal is being exposed concurrently with the changes being considered by the Statutory Accounting Principles (E) Working Group.

** This section must be completed on all forms.

NOTES TO FINANCIAL STATEMENTS

Detail Eliminated to Conserve Space

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions that on a stand-alone basis are not material may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary, to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. Note 10 is primarily for SCAs under SSAP No. 97, but the disclosure for 10O should also be completed of SSAP No. 48 entities. The disclosures shall include:

- A. The nature of the relationship involved.
- B. 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. The following information shall be provided if applicable:
 - ~~(1)~~—Date of transaction;
 - ~~(2)~~—Explanation of transaction;
 - ~~(3)~~—Name of reporting entity;
 - ~~(4)~~—Name of affiliate;
 - ~~(5)~~—Description of assets received by reporting entity;
 - ~~(6)~~—Statement value of assets received by reporting entity;
 - ~~(7)~~—Description of assets transferred by reporting entity; and
 - ~~(8)~~—Statement value of assets transferred by reporting entity.
- C. ~~_____~~—The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.

C. Transactions with related parties who are not reported on Schedule Y

A reference number should be provided for each transaction with the related party to be used in the tables for the disclosures below. In each disclosure the transaction for each related party should be reported contiguously together and not separated by other transactions with other related parties. (Multiple transactions with the same related party shall not be aggregated into a single row.)

Example: Company A has three separate transaction with Related Party B. All of transactions with Related Party B would be reported together on three consecutive rows of the disclosure table before reporting transaction with the next related party.)

(1) Detail of material related party transactions

- Date of transaction
- Name of related party
- Nature of relationship

Options for type of transaction:

Loan

Exchange of assets or liabilities (e.g., buys, sells and secured borrowing transactions)

Management services

Cost sharing agreement

Other transactions involving services

Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)

Other

- Type of transaction

Options for type of transaction:

Loan

Exchange of assets or liabilities (e.g., buys, sells and secured borrowing transactions)

Management services

Cost-sharing agreement

Other transactions involving services

Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)

Other

- Written agreement (Yes/No)
- Due date
- Reporting period date amount due from (to)

(2) Detail of material related party transactions involving services

- Name of related party
- Overview description
- Amount charged
- Amount based on allocation of costs or market rates
- Amount charged modified or waived (Yes/No)

(3) Detail of material related party transactions involving exchange of assets and liabilities

- Name of related party
- Overview description
- Description of assets received
- Description of assets transferred
- Statement value of assets received
- Statement value of assets transferred
- Have terms changed from preceding period? (Yes/No)

(4) Detail of amounts owed to/from a related party

- Name of related party
- Aggregate reporting period amount due from
- Aggregate reporting period amount due to
- Amount offset in financial statement (if qualifying)
- Net amount recoverable/(payable) by related party
- Admitted recoverable

D. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

~~E. Any guarantees or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed.~~

~~FE.~~ A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party. This shall include, but is not limited to, sale lease-back arrangements, computer or fixed asset leasing arrangements, and agency contracts that remove assets that may otherwise be recorded (and potentially nonadmitted) on the reporting entity's financial statements.

~~F. Any guarantees or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed.~~

G. The nature of the control relationship whereby the reporting entity and one or more other enterprises are under common ownership or control and the existence of that control could result in operating results or financial position of the reporting entity being significantly different from those that would have been obtained if the enterprises were autonomous. Disclose the relationship even though there are no transactions between the enterprises.



Detail Eliminated to Conserve Space



Illustration:

~~A., B.~~

~~B. & C.~~ The Company paid common stock dividends to the Parent Company, The ABC Insurance Company, on July 15, 20____, totaling \$_____.

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

C Transactions with related party who are not reported on Schedule Y

(1) Detail of Material Related Party Transactions

Ref #	Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Written Agreement (Yes/No)	Due Date	Reporting Period Date Amount Due From (To)

Options for Type of Transaction:

- Loan
- Exchange of Assets or Liabilities (e.g., buys, sells and secured borrowing transactions)
- Management Services
- Cost-Sharing Agreement
- Other Transactions Involving Services
- Guarantee (e.g., guarantees to related parties, on behalf of, and when beneficiary is related party)
- Other

(2) Detail of Material Related Party Transactions Involving Services

Ref #	Name of Related Party	Overview Description	Amount Charged	Amount Based on Allocation of Costs or Market Rates	Amount Charged Modified or Waived (Yes/No)
<u>Total</u>					

(3) Detail of Material Related Party Transactions Involving Exchange of Assets and Liabilities

a. Description of Transaction

Ref #	Name of Related Party	Overview Description	Have Terms Changed from Preceding Period? (Yes/No)

b. Assets Received

Ref #	Name of Related Party	Description of Assets Received	Statement Value of Assets Received
<u>Total</u>			

c. Assets Transferred

Ref #	Name of Related Party	Description of Assets Transferred	Statement Value of Assets Transferred
Total			

(4) Detail of Amounts Owed To/From a Related Party

Ref #	Name of Related Party	Aggregate Reporting Period Amount Due From	Aggregate Reporting Period (Amount Due To)	Amount Offset in Financial Statement (if qualifying)	Net Amount Recoverable / (Payable) by Related Party	Admitted Recoverable
Total	XXX					

D. At December 31, 20 ____, the Company reported \$ _____ as amounts due to the Parent Company, The ABC Insurance Company. The terms of the settlement require that these amounts be settled within 30 days.

~~E. The Company has given XYZ Inc., an affiliated company, a standing commitment until January 1, 20 ____, in the form of guarantees in the event of a default of XYZ on various of its debt issues as disclosed in Note 14.~~

~~E.~~ The Company has agreed to provide the Parent Company, The ABC Insurance Company, certain actuarial investment services with respect to the administration of certain large group insurance contracts that are subject to group experience rating procedures.

~~F. The Company has given XYZ Inc., an affiliated company, a standing commitment until January 1, 20 ____, in the form of guarantees in the event of a default of XYZ on various of its debt issues as disclosed in Note 14.~~

The Parent Company has agreed to provide collection services for certain contracts for the Company.

G. All outstanding shares of The Company are owned by the Parent Company, The ABC Insurance Company, an insurance holding company domiciled in the State of _____.


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Detail Eliminated to Conserve Space
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