

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p align="right">DATE: <u>02/21/2020</u></p> <p>CONTACT PERSON: <u>Pat Allison</u></p> <p>TELEPHONE: <u>816-783-8528</u></p> <p>EMAIL ADDRESS: <u>pallison@naic.org</u></p> <p>ON BEHALF OF: <u>LATF</u></p> <p>NAME: <u>Mike Boerner, Chair</u></p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p align="center"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # <u>2020-10BWG</u></p> <p>Year <u>2020</u></p> <p>Changes to Existing Reporting [ X ]</p> <p>New Reporting Requirement [ ]</p> <hr/> <p align="center"><b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact [ X ]</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>[ X ] Adopted Date <u>05/28/2020</u></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 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 type="checkbox"/> Title       |
| <input type="checkbox"/> Property/Casualty                            | <input type="checkbox"/> Protected Cell           | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Health                                       | <input type="checkbox"/> Health (Life Supplement) |                                      |

Anticipated Effective Date: Annual 2020

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

Variable Annuities Supplement Blank:

- Changing the header for Column 10
- Changing Lines 1-3 and adding Line 4

Variable Annuities Supplement Instructions:

- Adjusting the instructions to correspond with changes made to the blanks as well as changes in the 2020 *Valuation Manual* for the new VA Framework.

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

The new VA Framework is effective for 2020.

**NAIC STAFF COMMENTS**

Comment on Effective Reporting Date: \_\_\_\_\_

Other Comments:

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

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

**VARIABLE ANNUITIES SUPPLEMENT**  
**PARTS 1 AND 2**

This supplement is to be filed on or before April 1.

Complete this supplement for contracts and certificates subject to VM-21 or AG 43. A separate chart shall be prepared for individual contracts and for group contracts with individual certificates.

~~For variable annuities (VAs) with guaranteed benefits, disclose the type(s) of guaranteed benefit(s), the number of contracts or certificates with those benefits, the amount of the benefit base related to each type of benefit, the net amount at risk for death benefits and the guaranteed annual payout for income and withdrawal benefits, the gross amount of the reserve for the guaranteed benefit(s), the portion of the contract/certificate account value related to contract/certificate funds in the General Account or the Separate Account, and the percent of the guaranteed benefit reinsured.~~

Column 1 &  
Column 2 – Type of Guaranteed Benefit

For purposes of this supplement, a Guaranteed Death Benefit is defined in accordance with the term “Guaranteed Minimum Death Benefit” in VM-21, and a Guaranteed Living Benefit (GLB) is defined in accordance with the term “Variable Annuity Guaranteed Living Benefits” in VM-01.

~~“Type” shall include a summary description of the type of benefit. Examples are provided in the table illustrated below. Descriptions that may apply when identifying “Type” for Column 2 include, “Guaranteed Minimum Accumulation Benefit” (GMAB), “Guaranteed Minimum Income Benefit” (GMIB), “Hybrid GMIB,” “Traditional GMIB,” “Guaranteed Minimum Withdrawal Benefit” (GMWB), “Lifetime GMWB,” “Non-Lifetime GMWB,” and “Guaranteed Payout Annuity Floor” (GPAF). These terms are defined in VM-01. For those guaranteed benefits that include waiting periods before any benefit can be realized, include the length of the original waiting period in the description.~~

- A separate line shall be created for each combination of Guaranteed Death Benefit and Guaranteed Living Benefit.
  - See the illustration in the table below for an example.
  - For a category with only one guarantee, show “None” in the other column.
  - For a category with no guaranteed benefit, show “None” in both columns.
- Each contract/certificate shall be included in one and only one line.
  - For a contract with multiple living benefits, determine the most appropriate classification.

~~A separate chart shall be prepared for individual contracts and for group contracts with individual certificates. In each chart, show the amount of any reinsurance reserve credit being taken separately for treaties with affiliated captive reinsurers and for other reinsurers.~~

~~For purposes of this supplement, a Guaranteed Living Benefit (GLB) is defined as a contract/certificate, agreement or rider in which the insurance entity guarantees specified payouts during a defined period, which may include the lifetime of the insured(s). For VAs, these guaranteed payouts are typically made regardless of the performance of the contractual account value that is used to determine cash surrender values and/or withdrawal benefits.~~

Column 3 – Number of Individual (Part 1) Contracts or Group (Part 2) Certificates

- Column 4 – Benefit Base For Guaranteed Death Benefit (Col 1)
- Report the Benefit Base (defined in the contract/certificate) as of the valuation date as the basis for the guaranteed value. If no guarantee exists, enter \$0.
- Column 5 – Benefit Base For Guaranteed Living Benefit (GLB) (Col 2)
- Report the Benefit Base (defined in the contract/certificate) as of the valuation date as the basis for the guaranteed value. If no guarantee exists, enter \$0.
- Column 6 – Net Amount at Risk For Guaranteed Death Benefit (Col 1)
- Death Benefit Net Amount at Risk (NAR) is defined as the greater of a) zero and b) the difference between the Guaranteed Death Benefit and the Account Value as of the valuation date. Report the sum of the NAR for all contracts/certificates.
- Column 7 – Guaranteed Annual Income Amount For Guaranteed Living Benefit (GLB) (Col 2)
- Report the total annual income/withdrawal benefits available if the income/withdrawal guarantees were elected on the valuation date. If no GLB/~~GMWB~~ is available on the valuation date for a particular contract/certificate (e.g. due to a waiting period), use \$0. Note, for GLB ~~and GMWB~~ previously elected, show the guaranteed amount based on the prior elections. For GMAB, use \$0 since this is not an income benefit. ~~Disclosures for GMAB shall be provided in the AG 43 Memorandum.~~
- Column 8 – Account Value – General Account
- Column 9 – Account Value – Separate Account
- Column 10 – ~~Reserve for Guaranteed Benefits (Total Reserve Less Base Adjusted Reserve)~~Contract-Level Reserves Less Cash Surrender Value
- ~~Total gross reserve for guarantees as defined in AG 43 or VM 21 as applicable in excess of the base contract reserve. Reserves calculated according to AG 43 and VM 21 are allocated to individual contracts or certificates following the guidance of Appendix 6 of AG 43 or Section 8 of VM 21. Report in column 10 the excess of this per policy reserve over the base contract reserve. For base contract reserve, the company may use CSV or Base Adjusted Reserve (defined in Appendix 3, A.3.2D of AG 43 or Section 5, B.4. of VM 21) for that contract or certificate. For each contract/certificate, calculate the excess amount of the pre-reinsurance ceded contract-level reserve, defined in VM-21, over the contract’s cash surrender value. For each “Type” listed under Columns 1 and 2, report the sum of the excess amounts calculated for the associated contracts/certificates. For the Subtotal, report the sum of the excess amounts calculated for all contracts/certificates. The Subtotal should equal the excess of the aggregate reserve over the aggregate cash surrender value.~~
- Column 11 &  
Column 12 – Percentage of Guaranteed Benefits Reinsured
- Show percentage of the Guaranteed Benefit ceded to all reinsurers.
- Line 1 – Aggregate Cash Surrender Value
- Report the sum of the cash surrender values for all contracts/certificates.

Line 2 – Pre-Reinsurance Ceded Aggregate Reserve (Subtotal for Column 10 plus Line 1)

Report the sum of the pre-reinsurance ceded contract-level reserves for all contracts/certificates. This should equal the Subtotal Line for Column 10 plus Line 1.

Line 3 – Reserve Credit from affiliated captive reinsurance

Line 4 – Reserve Credit from other reinsurance

Line 3-5 – Total Net of Reinsurance Post-Reinsurance Ceded Aggregate Reserve

Line 3 Total Net of Reinsurance should equal the Subtotal Line for Column 10 minus the sum of Line 1 Reserve Credit from Affiliated Captive Reinsurance and Line 2 Reserve Credit from Other Reinsurance. Report the sum of the post-reinsurance ceded contract-level reserves for all contracts/certificates.

Illustration:

Type		3 Number of Individual Contracts / Group Certificates	Benefit Base		6 Net Amount at Risk For Guaranteed Death Benefit (Col 1)	7 Guaranteed Annual Income Amount For Guaranteed Living Benefit (GLB) (Col 2)	Account Value		10 Reserve for Guaranteed Benefits (Total Reserve Less Base Adjusted Reserve) Contract-Level Reserves Less Cash Surrender Value	Percentage of Guaranteed Benefits Reinsured	
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit		4 For Guaranteed Death Benefit (Col 1)	5 For Guaranteed Living Benefit (GLB) (Col 2)			8 General Account	9 Separate Account		11 Guaranteed Death Benefit	12 Guaranteed Living Benefit
Max Anniversary Value (MAV) <sup>±</sup>	GMAB - 110% of premium	957	\$101.4 M	\$0	\$5.7M	\$0	\$2.7M	\$93.0M	\$1.5M	60%	40%
3% Roll-up	GMIB prem accum @3% w/10 yr waiting period	312	\$32.6M	\$34.6M	\$1.4M	\$2.4M	\$0	\$31.2M	\$1.0M	100%	100%
Greater of MAV & 5% Roll-up	GMIB ROP, 10 yrs	482	\$40.0M	\$35.0M	\$3.0M	\$0M	\$0M	\$37.0M	\$2.0M	0%	0%
Subtotal		1,751	\$174.0M	\$69.6M	\$10.1M	\$2.4M	\$2.7M	\$161.2M	\$4.5M	XXX	XXX
									1. Reserve credit from affiliated captive reinsurance	160.5M	
									Aggregate Cash Surrender Value		
									2. Reserve credit from other reinsurance	165.0M	
									Pre-Reinsurance Ceded Aggregate Reserve (Subtotal for Column 10 plus Line 1)		
									3. Total net of reinsurance	20.0M	
									Reserve credit from affiliated captive reinsurance		
									4. Reserve credit from other reinsurance	30.0M	
									5. Post-Reinsurance Ceded Aggregate Reserve	115.0M	



