

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>02/21/2020</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Dale Bruggeman</u></p> <p>TITLE: <u>Chair SAPWG</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u></p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2020-20BWG</u></p> <p>Year <u>2020</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <hr/> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[X] 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 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

For Schedule D, Part 1, add code "9" to Column 23 – Collateral Type for ground lease financing. Renumber "Other" code to 10.

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

During the 2019 Fall National Meeting, the Valuation of Securities (E) Task Force adopted an amendment to add ground lease financing transactions as a newly defined asset class to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) effective January 1, 2020, and referred such action to the SAPWG for consideration. While an update was not required in the Accounting Procedures and Practices Manual (AP&P Manual), specific identification of such activities is warranted for analysis and reporting purposes.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

SCHEDULE D – PART 1

LONG-TERM BONDS OWNED DECEMBER 31 OF CURRENT YEAR



Detail Eliminated to Conserve Space

Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

Industrial and Miscellaneous (Unaffiliated)

Residential Mortgage-Backed/ Securities	3399999
Commercial Mortgage-Backed Securities	3499999
Other Loan-Backed and Structured Securities	3599999

Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security. Note: various investments below require SVO review and approval, please refer to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)* for further description.

- 1 Residential Mortgage Loans/RMBS**
Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime, Alt-A).
- 2 Commercial Mortgage Loans/CMBS**
Include all types of commercial mortgage loans as collateral (e.g., conduits, single name, etc.).
- 3 Home Equity**
Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.
- 4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles**
Include bonds collateralized by individual obligations. Do not include individual obligations that have a real-estate aspect.
- 5 Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper**
Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).

- 6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates
- Include bonds collateralized by leases. Equipment leases are loans on heavy equipment. Equipment trust certificates are certificates that entitle the holder to the lease payments on the underlying assets.
- 7 CLO/CBO/CDO
- Include bank loans, which securitize CLOs; investment grade and high-yield corporate bonds, which securitize CBOs; and corporate bonds and structured securities, which securitize CDOs.
- 8 Manufactured Housing and Mobile Home Loans
- Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds, they are considered ABS.
- 9 Credit Tenant Loans
- Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral also referred to as credit tenant lease, sale-leaseback or CTL.
- 10 Ground Lease Financing
- Real estate loans secured by the obligation to pay debt service by means of rental payments of subleased property; where a long-term ground lease was issued in which the lessee intends significant land development and the subleasing of such property to other long-term tenants.
- ~~4011~~ Other
- Include other collateral types that do not fit into categories 1 through 910.

For Columns 27 through 29, make whole call information is not required.

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 X ===== Detail Eliminated to Conserve Space ===== X**

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