

## NAIC BLANKS (E) WORKING GROUP

### Blanks Agenda Item Submission Form

<p style="text-align: right;"><b>DATE:</b> <u>08/13/2020</u></p> <p><b>CONTACT PERSON:</b> _____</p> <p><b>TELEPHONE:</b> _____</p> <p><b>EMAIL ADDRESS:</b> _____</p> <p><b>ON BEHALF OF:</b> _____</p> <p><b>NAME:</b> <u>Dale Bruggeman</u></p> <p><b>TITLE:</b> <u>Chair SAPWG</u></p> <p><b>AFFILIATION:</b> <u>Ohio Department of Insurance</u></p> <p><b>ADDRESS:</b> <u>50W. Town St., 3<sup>rd</sup> Fl., Ste. 300</u>  <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><b><u>FOR NAIC USE ONLY</u></b></p> <p>Agenda Item # <u>2020-28BWG</u></p> <p>Year <u>2021</u></p> <p>Changes to Existing Reporting [ X ]</p> <p>New Reporting Requirement [ ]</p> <hr/> <p style="text-align: center;"><b><u>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</u></b></p> <p>No Impact [ X ]</p> <p>Modifies Required Disclosure [ ]</p> <hr/> <p style="text-align: center;"><b><u>DISPOSITION</u></b></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

[ X ] ANNUAL STATEMENT  
 [ ] QUARTERLY STATEMENT

[ X ] INSTRUCTIONS  
 [ ] BLANK

[ X ] CROSSCHECKS

[ X ] Life, Accident & Health/Fraternal  
 [ X ] Property/Casualty  
 [ X ] Health

[ ] Separate Accounts  
 [ ] Protected Cell  
 [ ] Health (Life Supplement)

[ ] Title  
 [ ] Other \_\_\_\_\_

Anticipated Effective Date: Annual 2021

### IDENTIFICATION OF ITEM(S) TO CHANGE

Remove the disclosure for the Affordable Care Act Section 9010 Assessment from Note 22 - Events Subsequent.

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

The purpose of this proposal is to reflect disclosure changes adopted by the Statutory Accounting Principles (E) Working Group superseding *SSAP No. 106—Affordable Care Act Section 9010 Assessment* (Ref #2020-05). The Affordable Care Act Section 9010 assessment has been repealed effective Jan. 1 2021 and these revisions, will remove the disclosure.

### NAIC STAFF COMMENTS

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

Other Comments:

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

**Revised 7/18/2018**

NOTES TO FINANCIAL STATEMENTS**Detail Eliminated to Conserve Space****22. Events Subsequent**

Refer to *SSAP No. 9—Subsequent Events* for accounting guidance.

Instruction:

Subsequent events shall be considered either:

## Type I – Recognized Subsequent Events:

Events or transactions that provide additional evidence with respect to conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

## Type II – Nonrecognized Subsequent Events:

Events or transactions that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose after that date.

For material Type I subsequent events, the nature and the amount of the adjustment shall be disclosed only if necessary to keep the financial statements from being misleading.

Material Type II subsequent events shall not be recorded in the financial statements, but shall be disclosed in the notes to the financial statements. For such events, an entity shall disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made.

An entity also shall consider supplementing the historical financial statements with pro forma financial data. Occasionally, a nonrecognized subsequent event may be so significant that disclosure can best be made by means of pro forma financial data. Such data shall give effect to the event as if it had occurred on the balance sheet date. In some situations, an entity also shall consider presenting pro forma statements. If the Type II subsequent event is of such a nature that pro forma disclosures are necessary to keep the financial statements from being misleading, disclose supplemental pro forma financial data including the impact on net income, surplus, total assets, and total liabilities giving effect to the event as if it occurred on the date of the balance sheet.

Reporting entities shall disclose the dates through which subsequent events have been evaluated along with the dates the statutory reporting statements were issued, or available to be issued.

~~For the annual reporting period ending December 31, 2013, and thereafter, a reporting entity subject to the assessment under Section 9010 of the Federal Affordable Care Act shall provide a disclosure of the assessment payable in the upcoming year consistent with the guidance provided under *SSAP No. 9—Subsequent Events* for a Type II subsequent event. The disclosure shall provide information regarding the nature of the assessment and an estimate of its financial impact, including the impact on its risk based capital position as if it had occurred on the balance sheet date. In accordance with *SSAP No. 9*, the reporting entity shall also consider whether there is a need to present pro forma financial statements regarding the impact of the assessment, based on its judgment of the materiality of the assessment.~~

~~Additionally, for annual reporting periods ending on or after December 31, 2014, the reporting entity shall disclose the amounts reflected in special surplus in the data year. The disclosure shall provide information regarding the nature of the assessment, the estimated amount of the assessment payable for the upcoming year (current year and the prior year), amount of assessment paid (current and prior year) and written premium (current and prior year) that is the basis for the determination of the Section 9010 fee assessment to be paid in the subsequent year (net assessable premium). The disclosure should also provide the Total Adjusted Capital before and after adjustment (as reported in its estimate of special surplus applicable to the Section 9010 fee) and Authorized Control Level (in dollars) to reflect the fee as of the annual reporting date as if it had been reported on the balance sheet date. The reporting entity shall also provide a statement as to whether an RBC action level would have been triggered had the fee been reported as of the balance sheet date.~~

Illustration:

Type I – Recognized Subsequent Events:

Subsequent events have been considered through \_\_/\_\_/\_\_ for the statutory statement issued on \_\_/\_\_/\_\_.

On February 1, 20\_\_, a settlement was reached in a major lawsuit against the Company. In conjunction with the lawsuit, the Company estimated and recorded a liability of \$\_\_\_\_\_ on Line \_\_\_\_ of the Liabilities, Surplus and Other Funds page. The actual settlement amount of \$\_\_\_\_\_ was paid to the plaintiff on February 10. The change will be recorded in the First Quarter Statement on Line \_\_\_\_ of the Statement of Income.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through \_\_/\_\_/\_\_ for the statutory statement issued on \_\_/\_\_/\_\_.

The Company faces loss exposure from the January 15, 20\_\_ earthquake in the State of \_\_\_\_\_. This exposure is primarily in the Company's property and casualty subsidiaries, but also includes potential losses on its real estate and mortgage loan portfolios. Based on a review of the range of expected loss, the Company does not believe this event will have a material impact on its financial condition.

~~On January 1, 2021, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2020, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2021, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2021 to be \$\_\_\_\_\_. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by \_\_\_\_\_. Reporting the ACA assessment as of December 31, 2020, would not have triggered an RBC action level.~~

~~THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR LINES A THROUGH H IN THE TABLE BELOW IF APPLICABLE. THIS DOES NOT INCLUDE THE NARRATIVE FOR THE ILLUSTRATION SHOWN ABOVE. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.~~

	<u>Current Year</u>	<u>Prior Year</u>
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	_____	_____
B. ACA fee assessment payable for the upcoming year	\$ _____	\$ _____
C. ACA fee assessment paid	\$ _____	\$ _____
D. Premium written subject to ACA 9010 assessment	\$ _____	\$ _____
E. Total Adjusted Capital before surplus adjustment (Five Year Historical Line 30)	\$ _____	
F. Total Adjusted Capital after surplus adjustment (Five Year Historical Line 30 minus 22B above)	\$ _____	
G. Authorized Control Level (Five Year Historical Line 31)	\$ _____	
H. Would reporting the ACA assessment as of December 31, 2020, have triggered an RBC action level (YES/NO)?	_____	_____

### Detail Eliminated to Conserve Space

NOTES TO FINANCIAL STATEMENTS**Detail Eliminated to Conserve Space****22. Events Subsequent**

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On February 1, 20\_\_, a settlement was reached in a major lawsuit against the Company. In conjunction with the lawsuit, the Company estimated and recorded a liability of \$\_\_\_\_\_ on Line \_\_\_\_ of the Liabilities, Surplus and Other Funds page. The actual settlement amount of \$\_\_\_\_\_ was paid to the plaintiff on February 10. The change will be recorded in the First Quarter Statement on Line \_\_\_\_ of the Statement of Income.

Type II – Nonrecognized Subsequent Events:





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B. ACA fee assessment payable for the upcoming year	\$ _____	\$ _____
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D. Premium written subject to ACA 9010 assessment	\$ _____	\$ _____
E. Total Adjusted Capital before surplus adjustment (Five Year Historical Line 14)	\$ _____	
F. Total Adjusted Capital after surplus adjustment (Five Year Historical Line 14 minus 22B above)	\$ _____	
G. Authorized Control Level (Five Year Historical Line 15)	\$ _____	
H. Would reporting the ACA assessment as of December 31, 2020, have triggered an RBC action level (YES/NO)?	_____	_____



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