

**REVISIONS TO  
2020 NAIC ANNUAL STATEMENT INSTRUCTIONS – PROPERTY**

**DEC 2020**

**PAGE 199:**                    **NOTES TO FINANCIAL STATEMENTS**  
Revision:                    Modify the instructions for Note 17  
Reason:                      Made changes to 17C per SAPWG 12/15/2020 memo.

**PAGE 665:**                    **LONG-TERM CARE FORM 5**  
Revision:                    Modify the instruction for Form 5  
Reason:                      Add instructions on including GT page

**EDITOR’S NOTE:**

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail at the following website: [www.naic.org/cmte\\_e\\_app\\_blanks.htm](http://www.naic.org/cmte_e_app_blanks.htm).

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C. Wash Sales

A reporting entity shall disclose the following information for wash sales, as defined in *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* for all affiliated investment transactions (including items originally classified as cash equivalents and short-term investments) and for non-affiliated investment transactions with an NAIC designation of 3 or below, or that do not have an NAIC designation. For non-affiliated investments, all cash equivalents, derivative instruments and short-term investments with credit assessments equivalent to an NAIC 1 or 2 designation are excluded from this disclosure. This disclosure shall be included in the financial statements for when the investment was initially sold. For example, if the investment was sold and is only applicable for sales and purchases that cross quarter-end or year-end reporting periods on Dec. 20, 2020, and reacquired on Jan. 10, 2021, the transaction shall be captured in the wash sale disclosure included in the year-end 2020 financial statements, while an investment sold on May 1, 2020 and reacquired on May 20, 2020 would not be required to be disclosed. (The disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement.)

- (1) A description of the reporting entity’s objectives regarding these transactions; and
- (2) An aggregation of transactions by NAIC Designation 3 or below, or unrated.

Include

- The number of transactions involved during the reporting period;
- The book value of securities sold;
- The cost of securities repurchased; and
- The realized gains/losses associated with the securities involved.

Illustration:

A. Transfers of Receivables Reported as Sales

- (1) During 20\_\_ the company sold \$\_\_\_\_\_ of agent balances without recourse to the ABC Company.
- (2) The company realized a loss of \$\_\_\_\_\_ as a result of the sale.

C. Wash Sales

- (1) In the course of the company’s asset management, securities are sold and reacquired within 30 days of the sale date to enhance the company’s yield on its investment portfolio.

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

- (2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 20\_\_ and reacquired within 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____

**Note:** Examples of values for the Description Column are Bonds, Preferred Stocks, Common Stocks, etc.  
 The NAIC Designation Column should indicate 3 through 6 for those transactions for securities that would have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., bonds and preferred stocks).  
 For those transactions for securities that would not have been reported with an NAIC Designation if still owned at the end of the reporting period (e.g., real estate mortgage loans and common stocks), leave the column blank.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Instruction:

Provide information with regard to the profitability to the reporting entity of uninsured accident and health plans and the uninsured portions of partially insured plans for which the reporting entity serves as an Administrative Services Only (ASO) or an Administrative Services Contract (ASC) plan administrator.

A. ASO Plans

For ASO plans, provide the following information with regard to the profitability to the reporting entity of all ASO plans and the uninsured portions of partially insured plans for which the reporting entity serves as an administrator.

For the total and each category separately provide:

- Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses
- Total net other income or expense (including interest paid to or received from plans)
- Total net gain or loss from operations
- The claim payment volume

B. ASC Plans

For ASC plans, provide information with regard to the profitability to the reporting entity of all ASC plans and the uninsured portions of partially insured plans for which the reporting entity serves as an ASC administrator.

For the total and each category separately provide:

- Gross reimbursement for medical cost incurred.
- Gross administrative fees accrued.
- Other income or expense (including interest paid to or received from plans).
- Gross expenses incurred (claims and administrative).
- Total net gain or loss from operations.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

For a Medicare or similarly structured cost-based reimbursement contract plan, the reporting entity shall include information with regards to:

- (1) Major components of revenue by payor.
- (2) Receivables from payors with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans or \$10,000.
- (3) Recorded allowances and reserves for adjustment of recorded revenues.
- (4) Adjustments to revenue resulting from audit of receivables related to revenues recorded in the prior period

## INSTRUCTIONS FOR FORM 5

### Standalone and Hybrid Products – Direct State Reporting (\$000 Omitted)

Form 5 provides LTC sales and claims experience on a state-by-state basis. These are the state's portion of a number of statistics reported on a nationwide basis elsewhere in these experience forms. Form 5 also includes data on products that include extension of and/or acceleration of LTC benefits on life policies or annuity contracts. In addition, a schedule must be prepared that contains the grand total (GT) for the company.

### DEFINITIONS AND FORMULAS

#### **Current**

Current calendar year of reporting.

#### **Total Inception-to-Date**

Aggregate experience data since issuance of policies.

#### **Stand-alone LTC**

An LTC product that is sold by itself, not as a rider on another type of insurance.

#### **LTC Hybrid Accelerated Benefits Riders**

Riders attached to life insurance or annuity products that allow for a benefit to be claimed upon the occurrence of a long-term care need at the cost of reduction in the death benefit or annuity payout benefit.

#### **LTC Hybrid Extended Benefit Riders**

Riders attached to life insurance or annuity products that allow for a benefit to be claimed above and beyond the initial benefit amount in the event that all accelerated benefits have been claimed and the insured is still in need of long-term care services.

Column 1 – Number of New Lives Insured

Total number of new lives issued LTC or hybrid policies during the year. Values in rows that are labeled "inception-to-date" should be the sum of all new lives insured in each year during which the form was sold.

Column 2 – Number of Lives In-force Year End

Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.

Column 3 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

If necessary, the premium may be derived as the gross premium of the policy with the inclusion of LTC coverage less the gross premium of that policy without LTC coverage.

Column 4	–	Incurred LTC Claims	Developed claim amounts for LTC claims incurred during the calendar year including accelerated claims, but not including payments due to extension of benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
Column 5	–	Incurred Extended Benefits Claims	Developed claim amounts for LTC claims incurred during the calendar year due to extension of benefits after exhaustion of accelerated benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.
Column 6	–	Number of Claims Remaining Open	Open claims are all claims that have been opened at any date but have not been closed as of the end of the year.
Column 7	–	Number of Claims Opened	The number of claims that have at least one LTC benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A claim that has terminated by the end of the year should be included in the count.
Column 8	–	Number of New Extended Benefits Claims	The number of claims that have at least one benefit payment made during the year resulting from extension of benefits but have no extension of benefits payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. A claim that has terminated by the end of the year should be included in the count.
Column 9	–	Accelerated Benefits Available	Maximum amount of death benefits available to be paid on an accelerated basis due to LTC Acceleration of Benefits riders <u>on in force business</u> .
Column 10	–	Extended Benefits Available	Maximum amount of extended benefits available to policyholders with extension of benefit riders <u>on in force business</u> .