

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>02/25/2021</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>2021-05BWG</u> Year <u>2021</u> Changes to Existing Reporting [X] New Reporting Requirement []</p> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X] Modifies Required Disclosure []</p> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment [] Referred To Another NAIC Group [X] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [] Deferred Date _____ [] 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 2021

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instructions for Note 17B(4)b1(a) and add a table to the illustrations to data capture the disclosure.

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

The purpose of the proposal is to modify the disclosure in Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities to reflect disclosure changes per by the Statutory Accounting Principles (E) Working Group agenda item (Ref #2021-03).

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

NOTES TO FINANCIAL STATEMENTS



17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Instruction:



B. Transfer and Servicing of Financial Assets



- (4) For securitizations, asset-backed financing arrangements and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the *Accounting Practices and Procedures Manual*) with the transferred financial assets:



- b. For each statement of financial position presented, regardless of when the transfer occurred:
 - 1. Qualitative and quantitative information about the transferor’s continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor’s risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk and other risks), including:
 - (a) The total original principal amount—outstanding, the amount that has been derecognized and the outstanding amount that continues to be recognized in the statement of financial position. The percentage of original principal held in the company group and the percentage of derecognized principal held by related parties.
 - (b) The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss and the amount of the maximum exposure to loss.



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.

B. Transfer and Servicing of Financial Assets

<u>1</u>	<u>2</u>	<u>3</u> % of Original Principal held within the company group	<u>4</u> Amount Derecognized	<u>5</u> % of derecognized held by related parties	<u>6</u> Outstanding amount still recognized in the statement of financial position	<u>7</u> Net cashflows between transferor and transferee	<u>8</u> FV of proceeds received	<u>9</u> Gain/loss from sale of transferred assets
Identification of Transaction	Original Principal							
.....%%
.....%%
.....%%
.....%%
.....%%
.....%%

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:

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

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.



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