

## NAIC BLANKS (E) WORKING GROUP

### Blanks Agenda Item Submission Form

<p style="text-align: right;"><b>DATE:</b> <u>04/15/2021</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>Steve Drutz</u></p> <p><b>TITLE:</b> <u>Chief Financial Analyst</u></p> <p><b>AFFILIATION:</b> <u>WA Office of the Insurance Commissioner</u></p> <p><b>ADDRESS:</b> _____</p>	<p style="text-align: center;"><b><u>FOR NAIC USE ONLY</u></b></p> <p>Agenda Item # <u>2021-12BWG</u></p> <p>Year <u>2022</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>[ ] Received For Public Comment</p> <p>[ ] Adopted Date _____</p> <p>[ ] Rejected Date _____</p> <p>[ X ] Deferred Date <u>07/22/2021</u></p> <p>[ ] Other (Specify) _____</p>
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### BLANK(S) TO WHICH PROPOSAL APPLIES

[ X ] ANNUAL STATEMENT  
[ ] QUARTERLY STATEMENT

[ X ] INSTRUCTIONS  
[ X ] BLANK

[ X ] CROSSCHECKS

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

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

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

Anticipated Effective Date: Annual 2022

### IDENTIFICATION OF ITEM(S) TO CHANGE

Add and delete lines on the Analysis of Operations by Lines of Business – Accident and Health for Life\Fraternal to capture health specific data captured on the Health Analysis of Operations by Lines of Business but not on the Life\Fraternal Analysis of Operations page and add new crosschecks for the new lines. Add new crosschecks to the Analysis of Operations by Lines of Business – Summary to map the lines on the accident and health page to the summary.

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

The purpose of the proposal is to modify the Analysis of Operations by Lines of Business – Accident and Health for Life\Fraternal to capture health specific data points captured on the Health Analysis of Operations page. This will allow regulators to look at revenue and expenses in the same detail as reported on the Health Analysis of Operations by Lines of Business.

### NAIC STAFF COMMENTS

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

Other Comments:

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

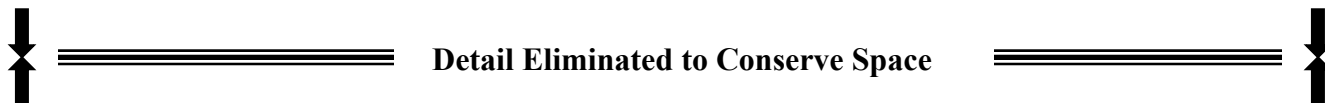
**Revised 7/18/2018**

## ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

### ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – ACCIDENT AND HEALTH

This exhibit shows Lines 1 through 33 of the Summary of Operations by Line of Business, in part.

For definitions of lines of business, see the appendix of these instructions.



#### **Detail Eliminated to Conserve Space**

##### Line 1.1 – Net Premium Income

Written premium is defined as the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract. For health contracts without fixed contract periods, premiums written will be equal to the amount collected during the reporting period plus uncollected premiums at the end of the period less uncollected premiums at the beginning of the period.

Include: Accrued return premium adjustments for contracts subject to redetermination.

##### Line 1.2 – Change in Unearned Premium Reserves and Reserve for Rate Credits

Exclude: Reserves relating to uninsured plans and the uninsured portion of partially insured plans.

##### Line 1.3 – Fee-for-Service (Net of \$ Medical Expenses)

Include: Revenue recognized by the reporting entity for provision of health services to non-members by reporting entity providers and to members through provision of health services excluded from their prepaid benefit packages. Include in the inside amount, the medical expenses associated with fee-for-service business.

##### Line 1.4 – Risk Revenue

Include: Amounts charged by the reporting entity as a provider or intermediary for specified medical services (e.g., full professional, dental, radiology, etc.) provided to the policyholders or members of another insurer or reporting entity.

Unlike premiums that are collected from an employer group or individual member, risk revenue is the prepaid (usually on a capitated basis) payment, made by another insurer or reporting entity to the reporting entity in exchange for services to be provided or offered by such organization.

##### Line 1.5 – Other Health Care Related Revenues

Include: Revenue from sources not covered in the other revenue accounts.

##### Line 1.6 – Premiums for Accident and Health Contracts (Lines 1.1 to 1.5)

Column 1 should equal the total premiums reported in Exhibit, Part 1, Line 20.4, sum of Columns 8, 9, and 10.

Line ~~43~~ – Amortization of the Interest Maintenance Reserve

Report the amount shown on Page 4, Line 4, in part, and on Page 28, Line 5, in part.

Allocate the amortization of the Interest Maintenance Reserve in the same manner that investment income would have been allocated had the investment not been sold.

Line ~~54~~ – Separate Accounts Net Gain from Operations Excluding Unrealized Gains or Losses

Report the total net gain from operations shown on Page 4 of the Separate Accounts Statement, in part, excluding the portion due to unrealized capital gains or losses.

Line ~~8-17.1~~ – Fees associated with Income from Investment Management, Administration and Contract Guarantees from Separate Accounts

Include: Gross amount of fees and charges from separate accounts.

Line ~~8-37.2~~ – Aggregate Write-Ins for Miscellaneous Income

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line ~~8-37.2~~ for Miscellaneous Income.

Line 9.1 – Hospital/Medical Benefits

Include: Expenses for physician services provided under contractual arrangement to the reporting entity.

Salaries, including fringe benefits, paid to physicians for delivery of medical services. Capitation payments by the reporting entity to physicians for delivery of medical services to reporting entity subscribers.

Fees paid by the reporting entity to physicians on a fee-for-service basis for delivery of medical services to reporting entity subscribers. This includes capitated referrals.

Inpatient hospital costs of routine and ancillary services for reporting entity members while confined to an acute care hospital.

Charges for non-reporting entity physician services provided in a hospital are included in this line item only if included as an undefined portion of charges by a hospital to the reporting entity. (If separately itemized or billed, physician charges should be included in outside referrals below.)

The cost of utilizing skilled nursing and intermediate care facilities.

Routine hospital service includes regular room and board (including intensive care units, coronary care units, and other special inpatient hospital units), dietary and nursing services, medical surgical supplies, medical social services, and the use of certain equipment and facilities for which the provider does not customarily make a separate charge.

Ancillary services may also include laboratory, radiology, drugs, delivery room, physical therapy services, other special items and services for which charges are customarily made in addition to a routine service charge.

Skilled nursing facilities are primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care or rehabilitation service.

Intermediate care facilities are for individuals who do not require the degree of care and treatment that a hospital or skilled nursing-care facility provides, but that do require care and services above the level of room and board.

Report gross of reinsurance. Report net of coordination of benefits, co-payments and subrogation.

Exclude: Expenses for medical personnel time devoted to administrative tasks.

Emergency room and out-of-area hospitalization.

All items meeting the definition of Cost Containment Expenses found in SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses.

Line 9.2 — Other Professional Services

Include: Expenses for other professional providers under contractual arrangement to the reporting entity.

Salaries, as well as fringe benefits, paid by the reporting entity to non-physician providers licensed, accredited or certified to perform specified health services, consistent with state law, engaged in the delivery of medical services.

Compensation to personnel engaged in activities in direct support of the provision of medical services. For example, include compensation to pharmacists, dentists, psychologists, optometrists, podiatrists, extenders, nurses, clinical personnel such as ambulance drivers and technicians.

Exclude: Professional services not meeting this definition. Report these services as administrative expenses. For example, exclude compensation to paraprofessionals, janitors, quality assurance analysts, administrative supervisors, secretaries to medical personnel, and medical record clerks.

Prescription drugs.

All items meeting the definition of Cost Containment Expenses found in SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses.

Line 9.3 — Outside Referrals

Include: Expenses for providers not under arrangement with the reporting entity to provide services, such as consultations, or out-of-network providers.

Line 9.4 – Emergency Room and Out-of-Area

Include: Expenses for other health delivery services including emergency room costs incurred by members for which the reporting entity is responsible and out-of-area service costs for emergency physician and hospital.

In the event a member is admitted to the health care facility immediately after seeking emergency room service, emergency service expenses are reported in this line, the expenses after admission are reported in the hospital/medical line, provided the member is seeking services in the service area. Out-of-area expenses incurred, whether emergency or hospital, are reported in this line.

Line 9.5 – Prescription Drugs

Include: Expenses for Prescription Drugs and other pharmacy benefits covered by the reporting entity.

Deduct: Pharmaceutical rebates relating to insured plans.

Exclude: Prescription drug charges that are included in a hospital billing which should be classified as Hospital/Medical Benefits on Line 9.1.

Line 9.6 – Other Hospital and Medical

Include: Other hospital and medical expenses not covered in the other claims accounts.

Line 9.7 – Incentive Pool, Withhold Adjustments and Bonus Amounts

This category is for adjusting the full medical expenses reported by means of both debit and credit entries. For example, report physician withholds forfeited to the reporting entity as a credit entry. Report amounts incurred due to an arrangement whereby the reporting entity agrees to utilization savings with a provider as a debit entry.

Line 10 – Net Reinsurance Recoveries

Amounts recovered and recoverable from reinsurers on paid losses

Include: Amounts related to assumed and ceded business.

Line 4613 – Group Conversions

Include: The customary charges, in the appropriate columns, to cover the excess cost arising from group conversions.

**This line is not applicable to Fraternal Benefit Societies.**

Line 2417 – Commissions on Premiums (Direct Business Only)

Column1 should agree with Exhibit 1 Part 2, Line 31, Columns 8, 9 and 10.

Line 19.1 – Claims Adjustment Expenses, Including \$ Cost Containment Expenses

All expenses incurred in connection with the recording, adjustment and settlement of claims. This includes the total of the expense classification “Other Claim Adjustment Expenses” and all “Cost Containment Expenses”.

Cost Containment Expenses and Other Claim Adjustment Expenses have been defined in SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses. Refer to SSAP No. 55 for accounting guidance.

The inset amount should equal Column 2, Line 10, Exhibit 2.

Line 19.2 – General Administrative Expenses

Exclude: All expenses related to cost containment activities in accordance with SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses.

Insurance taxes, licenses and fees, excluding federal income taxes included on Line 20.

Line 19.3 – Total General Insurance Expenses (Line 19.1 plus 19.2)

Column 1 should equal Exhibit 2, Line 10 sum of Columns 2 and 3.

Line 20 – Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes

Column 1 should equal Exhibit 3, Column 2, Line 7.

Line ~~27~~23 – Aggregate Write-ins for Deductions

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line ~~27~~23 for Deductions.

Details of Write-ins Aggregated at Line ~~8.37~~2 for Miscellaneous Income.

List separately each category of miscellaneous income for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Details of Write-ins Aggregated at Line ~~27~~23 for Deductions

List separately each category of deductions for which there is no pre-printed line on Analysis of Operations by Lines of Business – Accident and Health.

Include: The amount from the Form for Calculating the Interest Maintenance Reserve, Line 3, in part.

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – SUMMARY

### **Detail Eliminated to Conserve Space**

Column 6 – Accident and Health

~~The lines in this column should equal the Analysis of Operations by Lines of Business – Accident and Health, Column 1.~~

~~Line 1: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 1.6.~~

~~Line 3: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 2.~~

~~Line 4: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 3.~~

~~Line 5: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 4.~~

~~Line 6: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 5.~~

~~Line 7: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 6.~~

~~Line 8.1: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 7.1.~~

~~Line 8.3: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 7.2.~~

~~Line 9: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 8.~~

~~Line 13: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 11.~~

~~Line 14: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 12.~~

~~Line 16: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 13.~~

~~Line 17: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 14.~~

~~Line 19: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 15.~~

~~Line 20: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 16.~~

~~Line 21: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 17.~~

Line 22: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 18.

Line 23: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 19.3.

Line 24: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 20.

Line 25: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 21.

Line 26: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 22.

Line 27: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 23.

Line 28: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 24.

Line 29: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 25.

Line 30: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 26.

Line 31: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 27.

Line 32: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 28.

Line 33: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 29.

Line 34: Should equal Analysis of Operations by Lines of Business – Accident and Health, Column 1, Line 30.



**Detail Eliminated to Conserve Space**





# ANNUAL STATEMENT BLANK – LIFE\FRATERNAL

## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – ACCIDENT AND HEALTH <sup>(a)</sup>

	1	Comprehensive		4	5	6	7	8	9	10	11	12	13
		2	3				Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Credit A&H	Disability Income	Long- Term Care	Other Health
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only							
1. Premiums for accident and health contracts	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. Considerations for supplementary contracts with life contingencies													
3. Net investment income													
4. Amortization of Interest Maintenance Reserve (IMR)													
5. Separate Accounts net gain from operations excluding unrealized gains or losses													
6. Commissions and expense allowances on reinsurance ceded													
7. Reserve adjustments on reinsurance ceded													
8. Miscellaneous Income:													
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts													
8.2 Charges and fees for deposit-type contracts	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8.3 Aggregate write-ins for miscellaneous income													
9. Totals (Lines 1 to 8.3)													
10. Death benefits	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11. Matured endowments (excluding guaranteed annual pure endowments)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12. Annuity benefits	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13. Disability benefits and benefits under accident and health contracts													
14. Coupons, guaranteed annual pure endowments and similar benefits													
15. Surrender benefits and withdrawals for life contracts	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16. Group conversions													
17. Interest and adjustments on contract or deposit-type contract funds													
18. Payments on supplementary contracts with life contingencies	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19. Increase in aggregate reserves for life and accident and health contracts													
20. Totals (Lines 10 to 19)													
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)													
22. Commissions and expense allowances on reinsurance assumed													
23. General insurance expenses													
24. Insurance taxes, licenses and fees, excluding federal income taxes													
25. Increase in loading on deferred and uncollected premiums													
26. Net transfers to or (from) Separate Accounts net of reinsurance													
27. Aggregate write-ins for deductions													
28. Totals (Lines 20 to 27)													
29. Net gain from operations before dividends to policyholders, and refunds to members and federal income taxes (Line 9 minus Line 28)													
30. Dividends to policyholders and refunds to members													
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)													
32. Federal income taxes incurred (excluding tax on capital gains)													
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)													
34. Policies/certificates in force end of year													
<b>DETAILS OF WRITE-INS</b>													
08.301.													
08.302.													
08.303.													
08.398. Summary of remaining write-ins for Line 8.3 from overflow page													
08.399. Total (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)													
2701.													
2702.													
2703.													
2708. Summary of remaining write-ins for Line 27 from overflow page													
2799. Total (Lines 2701 through 2703 plus 2708) (Line 27 above)													

(a) Indicate if blocks of business in run-off that comprise less than 5% of premiums and less than 5% of reserve and loans liability are aggregated with material blocks of business and which columns are affected.

# **ANALYSIS OF OPERATIONS BY LINES OF BUSINESS – ACCIDENT AND HEALTH (a)**

	1	Comprehensive		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Credit A&H	Disability Income	Long-Term Care	Other Health
1. Premiums for accident and health contracts													
1.1 Net premium income													
1.2 Change in unearned premium reserves and reserve for rate credit													
1.3 Fee-for-service (net of \$ medical expenses)													
1.4 Risk revenue													
1.5 Other health care related revenues													
1.6 Premiums for accident and health contracts (Lines 1.1 to 1.5)													
2. Net investment income													
3. Amortization of Interest Maintenance Reserve (IMR)													
4. Separate Accounts net gain from operations excluding unrealized gains or losses													
5. Commissions and expense allowances on reinsurance ceded													
6. Reserve adjustments on reinsurance ceded													
7. Miscellaneous Income:													
7.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts													
7.2 Aggregate write-ins for miscellaneous income													
8. Totals (Lines 1.6 + 2 + 3 + 4 + 5 + 6 + 7.1 + 7.2)													
9. Hospital and Medical													
9.1 Hospital/medical benefits													
9.2 Other professional services													
9.3 Outside referrals													
9.4 Emergency room and out-of-area													
9.5 Prescription drugs													
9.6 Other hospital and medical													
9.7 Incentive pool, withhold adjustments and bonus amounts													
9.8 Subtotal Hospital and Medical (Lines 9.1 to 9.7)													
10. Net reinsurance recoveries													
11. Total hospital and medical (Lines 9.8 minus 10)													
12. Coupons, guaranteed annual pure endowments and similar benefits													
13. Group conversions													
14. Interest and adjustments on contract or deposit-type contract funds													
15. Increase in aggregate reserves for life and accident and health contracts													
16. Totals (Lines 11 to 15)													
17. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)													
18. Commissions and expense allowances on reinsurance assumed													
19. General insurance expenses													
19.1 Claims adjustment expenses including \$ cost containment expenses													
19.2 General expenses													
19.3 Total general insurance expenses (Line 19.1 plus 19.2)													
20. Insurance taxes, licenses and fees, excluding federal income taxes													
21. Increase in loading on deferred and uncollected premiums													
22. Net transfers to or (from) Separate Accounts net of reinsurance													
23. Aggregate write-ins for deductions													
24. Totals (Lines 16 + 17 + 18 + 19.3 + 20 + 21 + 22 + 23)													
25. Net gain from operations before dividends to policyholders, and refunds to members and federal income taxes (Line 8 minus Line 24)													
26. Dividends to policyholders and refunds to members													
27. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 25 minus Line 26)													
28. Federal income taxes incurred (excluding tax on capital gains)													
29. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 27 minus Line 28)													
30. Policies/certificates in force end of year													
DETAILS OF WRITE-INS													
07.201													
07.202													
07.203													
07.298. Summary of remaining write-ins for Line 7.2 from overflow page													
07.299. Total (Lines 07.201 through 07.203 plus 07.298) (Line 7.2 above)													
2301													
2302													
2303													
2398. Summary of remaining write-ins for Line 23 from overflow page													
2399. Total (Lines 2301 through 2303 plus 2398) (Line 23 above)													

(a) Indicate if blocks of business in run-off that comprise less than 5% of premiums and less than 5% of reserve and loans liability are aggregated with material blocks of business and which columns are affected. ....