

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

| | |
|---|---|
| <p align="right">DATE: <u>10/19/2021</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>2021-16BWG</u> Year <u>2022</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> |
|---|---|

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input checked="" 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 2022

IDENTIFICATION OF ITEM(S) TO CHANGE

See next page for details

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

See next page for details

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

Revised 7/18/2018

IDENTIFICATION OF ITEM(S) TO CHANGE

Note 9 – Income Taxes:

- Modify the instructions for 9C to eliminate the instruction for adding additional lines for DTA and DTL components to the PDF/printed version of the notes not specifically detailed in the illustration that are greater than 5% to bring in line with the data capture element of the note that can't accommodate variable lines.
- Add formulas for calculation of total and subtotal on the illustration for 9C that are not already present.

Note 15 – Leases:

- Modify the illustrations to add a “Thereafter” line.
- Add formula for “Total” line.

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

For Note 9 – Income Taxes, address differences between the PDF reporting of Note 9C and the data capture element of the disclosure. The data capture element has a single “Other” line for DTA and DTL components where the instructions for 9C asks that additional lines be added to the illustration for additional components over 5% in the PDF document. The additional lines on the PDF were intended to be temporary to identify if there were other specific lines needed to be added based on what companies were reporting as additional lines on the PDF. With no additional items identified to be added the instruction for adding these lines is being removed. The proposal also specifically clarifies calculation of total and subtotal lines where that calculation has not already been provided for clarification.

For Note 15 – Leases, there should have been a line for aggregating the amounts for the remaining years after the five years specifically shown in the illustration. This proposal adds those lines as Line 6 – Thereafter. In addition, formula for calculating the total line has been added to the illustration for clarification.

NOTES TO FINANCIAL STATEMENTS



9. **Income Taxes**

Instruction:



- C. Disclose the significant components of income taxes incurred (i.e., current income tax expenses) and the changes in DTAs and DTLs. These components would include, for example:
- Current tax expense or benefit;
 - The change in DTAs and DTLs (exclusive of the effects of other components listed below);
 - Investment tax credits;
 - The benefits of operating loss carry forwards;
 - Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and
 - Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset, and the reason for the adjustment and change in judgment.

NOTE: The illustration below for this disclosure reflects the setup for the data capture of the electronic notes. ~~Reporting entities should disclose those items included as “Other” (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document.~~



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.

C. Current income taxes incurred consist of the following major components:

| | (1) | (2) | (3) |
|---|------------|------------|---------------------|
| | 12/31/2021 | 12/31/2020 | (Col 1-2) Change |
| 1. Current Income Tax | | | |
| (a) Federal | \$ _____ | \$ _____ | \$ _____ |
| (b) Foreign | \$ _____ | \$ _____ | \$ _____ |
| (c) Subtotal <u>(1a+1b)</u> | \$ _____ | \$ _____ | \$ _____ |
| (d) Federal income tax on net capital gains | \$ _____ | \$ _____ | \$ _____ |
| (e) Utilization of capital loss carry-forwards | \$ _____ | \$ _____ | \$ _____ |
| (f) Other | \$ _____ | \$ _____ | \$ _____ |
| (g) Federal and foreign income taxes incurred <u>(1c+1d+1e+1f)</u> | \$ _____ | \$ _____ | \$ _____ |
| 2. Deferred Tax Assets: | | | |
| (a) Ordinary | | | |
| (1) Discounting of unpaid losses | \$ _____ | \$ _____ | \$ _____ |
| (2) Unearned premium reserve | \$ _____ | \$ _____ | \$ _____ |
| (3) Policyholder reserves | \$ _____ | \$ _____ | \$ _____ |
| (4) Investments | \$ _____ | \$ _____ | \$ _____ |
| (5) Deferred acquisition costs | \$ _____ | \$ _____ | \$ _____ |
| (6) Policyholder dividends accrual | \$ _____ | \$ _____ | \$ _____ |
| (7) Fixed assets | \$ _____ | \$ _____ | \$ _____ |
| (8) Compensation and benefits accrual | \$ _____ | \$ _____ | \$ _____ |
| (9) Pension accrual | \$ _____ | \$ _____ | \$ _____ |
| (10) Receivables – nonadmitted | \$ _____ | \$ _____ | \$ _____ |
| (11) Net operating loss carry-forward | \$ _____ | \$ _____ | \$ _____ |
| (12) Tax credit carry-forward | \$ _____ | \$ _____ | \$ _____ |
| (13) Other (including items <5% of total ordinary tax assets) | \$ _____ | \$ _____ | \$ _____ |
| (99) Subtotal <u>(sum of 2a1 through 2a13)</u> | \$ _____ | \$ _____ | \$ _____ |
| (b) Statutory valuation allowance adjustment | \$ _____ | \$ _____ | \$ _____ |
| (c) Nonadmitted | \$ _____ | \$ _____ | \$ _____ |
| (d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c) | \$ _____ | \$ _____ | \$ _____ |
| (e) Capital: | | | |
| (1) Investments | \$ _____ | \$ _____ | \$ _____ |
| (2) Net capital loss carry-forward | \$ _____ | \$ _____ | \$ _____ |
| (3) Real estate | \$ _____ | \$ _____ | \$ _____ |
| (4) Other (including items <5% of total capital tax assets) | \$ _____ | \$ _____ | \$ _____ |
| (99) Subtotal <u>(2e1+2e2+2e3+2e4)</u> | \$ _____ | \$ _____ | \$ _____ |
| (f) Statutory valuation allowance adjustment | \$ _____ | \$ _____ | \$ _____ |
| (g) Nonadmitted | \$ _____ | \$ _____ | \$ _____ |
| (h) Admitted capital deferred tax assets (2e99 – 2f – 2g) | \$ _____ | \$ _____ | \$ _____ |
| (i) Admitted deferred tax assets (2d + 2h) | \$ _____ | \$ _____ | \$ _____ |
| 3. Deferred Tax Liabilities: | \$ _____ | \$ _____ | \$ _____ |
| (a) Ordinary | | | |
| (1) Investments | \$ _____ | \$ _____ | \$ _____ |
| (2) Fixed assets | \$ _____ | \$ _____ | \$ _____ |
| (3) Deferred and uncollected premium | \$ _____ | \$ _____ | \$ _____ |
| (4) Policyholder reserves | \$ _____ | \$ _____ | \$ _____ |
| (5) Other (including items <5% of total ordinary tax liabilities) | \$ _____ | \$ _____ | \$ _____ |
| (99) Subtotal <u>(3a1+3a2+3a3+3a4)</u> | \$ _____ | \$ _____ | \$ _____ |
| (b) Capital: | | | |
| (1) Investments | \$ _____ | \$ _____ | \$ _____ |
| (2) Real estate | \$ _____ | \$ _____ | \$ _____ |
| (3) Other (including items <5% of total capital tax liabilities) | \$ _____ | \$ _____ | \$ _____ |
| (99) Subtotal <u>(3b1+3b2+3b3)</u> | \$ _____ | \$ _____ | \$ _____ |
| (c) Deferred tax liabilities (3a99 + 3b99) | \$ _____ | \$ _____ | \$ _____ |
| 4. Net deferred tax assets/liabilities (2i – 3c) | \$ _____ | \$ _____ | \$ _____ |



15. Leases

Instruction:

A. Disclose the following items related to lessee leasing arrangements (refer to *SSAP No. 22R—Leases*):



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- (2) For leases having initial or remaining noncancelable lease terms in excess of one year:
 - a. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years.
 - b. The total of minimum rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented.



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B. When leasing is a significant part of the lessor's business activities in terms of revenue, net income or assets, disclose the following information with respect to leases:

- (1) For operating leases:
 - a. A general description of the lessor's leasing arrangements;
 - b. The cost and carrying amount, if different, of property on lease or held for leasing by major classes of property according to nature or function, and the amount of accumulated depreciation in total as of the date of the latest balance sheet presented;
 - c. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; and
 - d. Total contingent rentals included in income for each period for which an income statement is presented.
- (2) For leveraged leases:
 - a. A description of the terms including the pretax income from the leveraged leases. For purposes of presenting the investment in a leveraged lease in the lessor's balance sheet, the amount of related deferred taxes shall be presented separately (from the remainder of the net investment);
 - b. Separate presentation (from each other) shall be made of pretax income from the leveraged lease, the tax effect of pretax income, and the amount of investment tax credit recognized as income during the period; and
 - c. When leveraged leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, the components of the net investment balance in leveraged leases shall be disclosed.

Illustration:

A. Lessee Operating Lease



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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)

a. At December 31, 20___, the minimum aggregate rental commitments are as follows:

| | <u>Year Ending December 31</u> | <u>Operating Leases</u> |
|-----|------------------------------------|-------------------------|
| 1. | 20__ | \$ _____ |
| 2. | 20__ | \$ _____ |
| 3. | 20__ | \$ _____ |
| 4. | 20__ | \$ _____ |
| 5. | 20__ | \$ _____ |
| 6. | Thereafter | \$ _____ |
| 67. | Total (sum of 1 through 7) | \$ _____ |

(3) The company is not involved in any material sales – leaseback transactions.

B. Lessor Leases



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c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 20___ are as follows:

| | <u>Year Ending December 31</u> | <u>Operating Leases</u> |
|-----|------------------------------------|-------------------------|
| 1. | 20__ | \$ _____ |
| 2. | 20__ | \$ _____ |
| 3. | 20__ | \$ _____ |
| 4. | 20__ | \$ _____ |
| 5. | 20__ | \$ _____ |
| 6. | Thereafter | \$ _____ |
| 67. | Total (sum of 1 through 7) | \$ _____ |

d. Contingent rentals included in income for the years ended December 31, 20__ and 20__ amounted to \$_____ and \$_____, respectively. The net investment is classified as real estate.

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(NOTE: THIS DOES NOT INCLUDE THE BEGINNING NARRATIVE.)

(2) Leveraged Leases

b. The Company's investment in leveraged leases relates to equipment used primarily in the transportation industries. The component of net income from leveraged leases at December 31, 20__ and December 31, 20__ were as shown below:

| | 20__ | 20__ |
|---|----------|----------|
| 1. Income from leveraged leases before income tax including investment tax credit | \$ _____ | \$ _____ |
| 2. Less current income tax | \$ _____ | \$ _____ |
| 3. Net income from leveraged leases <u>(1-2)</u> | \$ _____ | \$ _____ |



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