Blanks Agenda Item Submission Form

DATE: 10/25/2021

CONTACT PERSON:________________________________________

TELEPHONE:____________________________________________

EMAIL ADDRESS:________________________________________

ON BEHALF OF:__________________________________________

NAME: Dale Bruggeman

TITLE: Chair SAPWG

AFFILIATION: Ohio Department of Insurance

ADDRESS: 50W. Town St., 3rd Fl., Ste. 300

Columbus, OH 43215

FOR NAIC USE ONLY

Agenda Item # 2021-21BWG MOD

Year 2022

Changes to Existing Reporting [ X ]

New Reporting Requirement [ ]

REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT

No Impact [ X ]

Modifies Required Disclosure [ ]

DISPOSITION

[ ] Rejected For Public Comment

[ ] Referred To Another NAIC Group

[ ] Received For Public Comment

[ X ] Adopted Date 3/29/2022

[ ] Rejected Date

[ ] Deferred Date

[ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES

[ X ] ANNUAL STATEMENT

[ X ] QUARTERLY STATEMENT

[ X ] INSTRUCTIONS

[ ] CROSSCHECKS

[ ] BLANK

[ ] Separate Accounts

[ ] Protected Cell

[ X ] Title

[ ] Other ______________________

[ X ] Life, Accident & Health/Fraternal

[ X ] Property/Casualty

[ X ] Health

[ X ] Health (Life Supplement)

Anticipated Effective Date: Annual 2022

IDENTIFICATION OF ITEM(S) TO CHANGE

Add instruction to the Investment Schedules General Instructions to exclude residual tranches or interests from being reported as bonds on Schedule D, Part 1 and add lines to Schedule BA for the reporting of those investments.

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

The purpose of this proposal is to reflect changes being adopted by the Statutory Accounting Principles (E) Working Group SSAP No. 43R – Loan-Backed and Structured Securities (Ref #2021-15). The proposal excludes residual tranches or interests from being reported as bonds on Schedule D, Part 1 and requires them to be reported on Schedule BA.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:_____________________

Other Comments:

** This section must be completed on all forms.
### OTHER LONG-TERM INVESTED ASSETS – GENERAL INSTRUCTIONS

#### Oil and Gas Production
- **Unaffiliated**: 0199999
- **Affiliated**: 0299999

#### Residual Tranches or Interests with Underlying Assets Having Characteristics of:

- **Fixed Income Instruments**
  - **Unaffiliated**: 4699999
  - **Affiliated**: 4799999

- **Common Stock**
  - **Unaffiliated**: 4899999
  - **Affiliated**: 4999999

- **Preferred Stock**
  - **Unaffiliated**: 5099999
  - **Affiliated**: 5199999

- **Real Estate**
  - **Unaffiliated**: 5299999
  - **Affiliated**: 5399999

- **Mortgage Loans**
  - **Unaffiliated**: 5499999
  - **Affiliated**: 5599999

- **Other**
  - **Unaffiliated**: 5699999
  - **Affiliated**: 5799999

- **Any Other Class of Assets**
  - **Unaffiliated**: 5899999
  - **Affiliated**: 5999999

#### Subtotals
- **Unaffiliated**: 6099999
- **Affiliated**: 6199999

#### TOTALS
- **Unaffiliated**: 6299999
- **Affiliated**: 6299999

The following listing is intended to give examples of investments to be included in each category; however, the list should not be considered all inclusive, and it should not be implied that any invested asset currently being reported in Schedules A, B or D is to be reclassified to Schedule BA:
Oil and Gas Production

Include: Offshore oil and gas leases.

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn’t be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests captures securitization tranches and beneficial interests as well as other structures captured in scope of SSAP No. 43R – Loan-Backed and Structured Securities, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.

Fixed Income Instruments

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 1 – Long-Term Bonds

Common Stocks

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 2 – Section 2 – Common Stocks

Preferred Stocks

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 2 – Section 1 –Preferred Stocks

Real Estate

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule A – Real Estate Owned

Mortgage Loans

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule B – Mortgage Loans

Other

Include: Items that do not qualify for inclusion in the above subcategories.

Any Other Class of Assets

Include: Investments that do not fit into one of the other categories. An example of items that may be included are reverse mortgages.

All structured settlement income streams acquired as investments where the reporting entity acquires the legal right to receive payments. (Valuation and admittance provisions are detailed in SSAP No. 21R—Other Admitted Assets.)
### Schedule BA – Parts 2 and 3

#### Other Long-Term Invested Assets Acquired and Disposed Of

<table>
<thead>
<tr>
<th>Group or Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and Gas Production</td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>0199999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>0299999</td>
</tr>
<tr>
<td>Residual Tranches or Interests with Underlying Assets Having Characteristics of:</td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Income Instruments</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>4699999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>4799999</td>
</tr>
<tr>
<td><strong>Common Stock</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>4899999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>4999999</td>
</tr>
<tr>
<td><strong>Preferred Stock</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>5099999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>5199999</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>5299999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>5399999</td>
</tr>
<tr>
<td><strong>Mortgage Loans</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>5499999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>5599999</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>5699999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>5799999</td>
</tr>
<tr>
<td><strong>Any Other Class of Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>5899999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>5999999</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td></td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>6099999</td>
</tr>
<tr>
<td>Affiliated</td>
<td>6199999</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>6299999</td>
</tr>
</tbody>
</table>

The following listing is intended to give examples of investments to be included in each category; however, the list should not be considered all-inclusive and it should not be implied that any invested asset currently being reported in Schedules A, B or D is to be reclassified to Schedule BA.
Oil and Gas Production

Include: Offshore oil and gas leases.

Residual Tranches or Interests with Underlying Assets Having Characteristics of:

Investment in Residual Tranches or Interests should be assigned to the subcategory with the highest underlying asset concentration. There shouldn’t be any bifurcation of the underlying assets among the subcategories.

Include: Residual tranches or interests captures securitization tranches and beneficial interests as well as other structures captured in scope of SSAP No. 43R – Loan-Backed and Structured Securities, that reflect loss layers without any contractual payments, whether interest or principal, or both. Payments to holders of these investments occur after contractual interest and principal payments have been made to other tranches or interests and are based on the remaining available funds. See SSAP No. 43R for accounting guidance.

Fixed Income Instruments

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 1 – Long-Term Bonds

Common Stocks

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 2 – Section 2 – Common Stocks

Preferred Stocks

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule D – Part 2 – Section 1 – Preferred Stocks

Real Estate

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule A – Real Estate Owned

Mortgage Loans

Include: Investments with underlying collateral which, if held individually, would be reported on Schedule B – Mortgage Loans

Other

Include: Items that do not qualify for inclusion in the above subcategories.

Any Other Class of Assets

Include: Investments that do not fit into one of the other categories. An example of items that may be included are reverse mortgages.

All structured settlement income streams acquired as investments where the reporting entity acquires the legal right to receive payments. (Valuation and admittance provisions are detailed in SSAP No. 21R—Other Admitted Assets.)
The following is the description of the General and Specific Classifications used for reporting the detail lines for bonds and stocks.

**General Classifications Bonds Only:**

Exclude residual tranches or interests captured in scope of SSAP No. 43R – Loan-Backed and Structured Securities. See SSAP No. 43R for accounting guidance. These securities should be reported on Schedule BA.

Refer to SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities and SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities for additional guidance.

**U.S. Government:**

U.S. Government shall be defined as U.S. Government Obligations as defined per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.