NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<table>
<thead>
<tr>
<th>FOR NAIC USE ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agenda Item # 2021-23BWG MOD</td>
</tr>
<tr>
<td>Year 2022</td>
</tr>
<tr>
<td>Changes to Existing Reporting [ X ]</td>
</tr>
<tr>
<td>New Reporting Requirement [ ]</td>
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<table>
<thead>
<tr>
<th>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</th>
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<tbody>
<tr>
<td>No Impact [ X ]</td>
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<td>Modifies Required Disclosure [ ]</td>
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<th>DISPOSITION</th>
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<tr>
<td>[ ] Rejected For Public Comment</td>
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<tr>
<td>[ ] Referred To Another NAIC Group</td>
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<tr>
<td>[ ] Received For Public Comment</td>
</tr>
<tr>
<td>[ X ] Adopted Date 03/29/2022</td>
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<tr>
<td>[ ] Rejected Date</td>
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<tr>
<td>[ ] Deferred Date</td>
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<td>[ ] Other (Specify)</td>
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DATE: 12/16/2021

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<tr>
<th>CONTACT PERSON:</th>
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<th>EMAIL ADDRESS:</th>
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ON BEHALF OF:

<table>
<thead>
<tr>
<th>NAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dale Bruggeman / Carrie Mears</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TITLE:</th>
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<tbody>
<tr>
<td>Chair / Vice Chair SAPWG</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>AFFILIATION:</th>
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<tbody>
<tr>
<td>OH and IA Dept of Insurance</td>
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</table>

<table>
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<tr>
<th>ADDRESS:</th>
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<tbody>
<tr>
<td>______________________</td>
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</table>

BLANK(S) TO WHICH PROPOSAL APPLIES

| [ X ] ANNUAL STATEMENT |
| [ X ] QUARTERLY STATEMENT |
| [ X ] INSTRUCTIONS |
| [ X ] CROSSCHECKS |
| [ ] Life, Accident & Health/Fraternal |
| [ ] Property/Casualty |
| [ ] Health |
| [ X ] Separate Accounts |
| [ ] Protected Cell |
| [ ] Health (Life Supplement) |

Anticipated Effective Date: Annual 2022

IDENTIFICATION OF ITEM(S) TO CHANGE

Added a group of lines for Residual Tranches or Interests in the Asset Valuation Reserve Equity and Other Invested Asset Component blank and renumber lines below them. Modify instructions as appropriate for the added lines.

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

With the new reporting lines proposed for residuals in Schedule BA, additional revisions are needed to map those reporting lines to the AVR schedule. The proposed revisions will separately capture these items in a new category within AVR as they are items that are not comparable to other investments. As defined in the AP&P Manual, residuals reflect loss layers without contractual interest or principal payments. 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. Although payments to holders can occur throughout an investment’s duration (and not just at maturity), such instances still reflect the residual amount permitted to be distributed after other holders have received contractual interest and principal payments.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: The 2022 effective date will match the Schedule BA changes and the effective date for reporting on Schedule BA in the AP&P Manual.

Other Comments: This proposal assumes adoption of 2021-21BWG

** This section must be completed on all forms.
ANNUAL STATEMENT INSTRUCTIONS – LIFE\FRATERNAL

EQUITY AND OTHER INVESTED ASSET COMPONENT –
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

Detail Eliminated to Conserve Space

Lines 75 through 80 – Low-Income Housing Tax Credit Investments

Report Column 1 in accordance with SSAP No. 93—Low-Income Housing Tax Credit Property Investments.

For Line 75, report guaranteed low-income housing tax credit (LIHTC) investments. There must be an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment. Line 75 should equal Schedule BA, Part 1, Column 12, Line 3599999 + Line 3699999.

For Line 76, report non-guaranteed LIHTC investments with the following risk mitigation factors:

I. A level of leverage below 50%. For LIHTC Fund, the level of leverage is measured at the fund level.

II. There is a Tax Credit Guarantee Agreement from General Partner or managing member. This agreement requires the General Partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC Fund, a Tax Credit Guarantee is required from the developers of the lower tier LIHTC properties to the upper tier partnership.

III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable foreclosure risk at the time of the investment.

Line 76 should equal Schedule BA, Part 1, Column 12, Line 3799999 + Line 3899999.

Only federal low-income housing tax credit investments can be reported on Lines 75 and 76. State low-income housing tax credit investments that meet the requirements of SSAP No. 93 and that, at a minimum, meet the requirements for federal guaranteed programs should be reported on Line 77. Line 77 should equal Schedule BA, Part 1, Column 12, Line 3999999 + Line 4099999.

State low-income housing tax credit investments that do not meet the requirements of SSAP No. 93 and that do not, at a minimum, meet the requirements for federal non-guaranteed programs should be reported on Line 78. Line 78 should equal Schedule BA, Part 1, Column 12, Line 4199999 + Line 4299999.

Any other low-income housing tax credit investments that meet the requirements of SSAP No. 93 and cannot be reported on Lines 75 through 78 should be reported on Line 79. Line 79 should equal Schedule BA, Part 1, Column 12, Line 4399999 + Line 4499999.

Multiply the amount in Column 4 for each category by the reserve factors for Page 34, Columns 5, 7 and 9, Lines 75 through 79. Report the products by category in Columns 6, 8 and 10, respectively.

Lines 81 through 91 – Residual Tranches or Interests

Line 81 – Fixed Income Instruments – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4699999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 82 – Fixed Income Instruments – Affiliated

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Report the book/adjusted carrying value of all Schedule BA assets in Line 4799999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>83</td>
<td>Common Stock – Unaffiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 4899999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
<tr>
<td>84</td>
<td>Common Stock – Affiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 4999999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
<tr>
<td>85</td>
<td>Preferred Stock – Unaffiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 5099999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
<tr>
<td>86</td>
<td>Preferred Stock – Affiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 5199999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
<tr>
<td>87</td>
<td>Real Estate – Unaffiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 5299999 in Column 1, any related encumbrances on these assets in Column 2, and any third-party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
<tr>
<td>88</td>
<td>Real Estate – Affiliated</td>
<td>Report the book/adjusted carrying value of all Schedule BA assets in Line 5399999 in Column 1, any related encumbrances on these assets in Column 2, and any third-party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.</td>
</tr>
</tbody>
</table>
Line 89 – Mortgage Loans – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 90 – Mortgage Loans – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 91 – Other – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5699999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 92 – Other – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5799999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 94 & 95 – Working Capital Finance Investments

Report the book/adjusted carrying value of all working capital finance investments owned (Schedule BA, Part 1, Line 4599999) in Columns 1 and 4. Categorize the working capital finance investments into NAIC designations 1 or 2 as directed by the Purposes and Procedures Manual of the NAIC Investment Analysis Office. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7 and 9, and report the products by designation in Columns 6, 8 and 10, respectively.

Line 96 – Other Invested Assets – Schedule BA

Report the book/adjusted carrying value of all other Schedule BA investments owned that cannot be classified into one of the above categories (Lines 0199999, 0299999, 0399999, 0499999, 0599999, 0699999, 0999999, 1099999, 1799999, 1899999, 2599999, 2699999, 2799999, 2899999, 3399999, 3499999, 5899999 and 5999999) in Column 1 and any encumbrances on these assets in Column 3. Schedule DL, Part 1 investments reported on Line 940999999 would be included in this total if not classified in one of the above categories. Collateral loans (Lines 2999999 and 3099999) have been intentionally excluded from this total. For surplus debentures and capital notes, the amount to report in Column 1 is to be calculated based upon the accounting prescribed in SSAP No. 41—Surplus Notes. Report the sum of Columns 1 and 3 in Column 4. Column 4 may not be less than zero. Note that ALL surplus debentures and capital notes should be included here in Line 96, EXCEPT those with a CRP rating equivalent to an NAIC 1 or NAIC 2 designation (which are reported in Lines 30 and 31 of this schedule). Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7 and 9, and report the products in Columns 6, 8 and 10, respectively.

Exclude: All surplus debentures and capital notes that possess a CRP rating equivalent to an NAIC 1 or NAIC 2 designation. These surplus debentures are to be reported in Lines 30 and 31 (Other Invested Assets with Underlying Characteristics of Preferred Stocks) of this schedule.
Line 97  – Other Short-Term Invested Assets – Schedule DA

Report the book/adjusted carrying value of all other Schedule DA (Lines 7029999999 and 7509999999) and Schedule DL, Part 1 (Line 9509999999) assets owned that cannot be classified into one of the above categories in Column 1 and any encumbrances on these assets in Column 3. Report the sum of Columns 1 and 3 in Column 4. Multiply the amount on Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 98  – Total Other Invested Assets – Schedules BA & DA

The Columns 6, 8 and 10 amounts must be combined with Columns 6, 8 and 10, Line 21 amounts and reported on the Asset Valuation Reserve Page, Column 5, Lines 7, 10 and 9, respectively.

NOTE: Other invested asset reserves will be calculated based on the nature of the underlying investments related to the Schedule BA and Schedule DA assets. Assets should be categorized as if the company owned the underlying investment. For example:

- Mortgage participation certificates and similar holdings should be classified as fixed income assets.
- Gas and oil production and mineral rights have potential variability of return and should be categorized as equity investments.
- Partnership investments should be classified as fixed or equity investments or as equity real estate, depending on the purpose of the partnership. The maximum AVR factor would be that appropriate for the asset classification.
- A “look through” approach should be taken for any Schedule BA and Schedule DA assets not specifically listed, so as to reflect in the AVR calculation the essential nature of the investments.
REPLICATION (SYNTHETIC) ASSETS –
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

Basic Contribution:


Reserve Objective:


Maximum Reserve:


## ASSET VALUATION RESERVE

### Detail Eliminated to Conserve Space

**Line 7 – Basic Contribution (includes separate accounts assets, if applicable)**

Report the basic contribution amount for each asset category as calculated on Pages 30 through 35 (General Account) and Pages 15 through 20 (Separate Accounts).

| Column 1: | Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 30, Line 34, Column 6 (General Account) and Page 15, Line 34, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 7 (General Account) and Page 20, Line 0199999, Column 7 (Separate Accounts). |
| Column 2: | Report the total mortgage loans from Page 31, Line 60, Column 6 (General Account) and Page 16, Line 60, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 7 (General Account) and Page 20, Line 0299999, Column 7 (Separate Accounts). |
| Column 4: | Report the total common stock from Page 32, Line 17, Column 6 (General Account) and Page 17, Line 17, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 7 (General Account) and Page 20, Line 0399999, Column 7 (Separate Accounts). |
| Column 5: | Report the total real estate from Page 32, Line 21, Column 6 (General Account) and from Page 17, Line 21, Column 6 (Separate Accounts), if applicable, plus the total other invested assets from Page 34, Line 99, Column 6 (General Account) and from Page 19, Line 99, Column 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0499999, Column 7 (General Account) and Page 20, Line 0499999, Column 7 (Separate Accounts). |

**Line 9 – Maximum Reserve (includes separate accounts assets, if applicable)**

Report the maximum reserve for each asset category as calculated on Pages 30 through 35 (General Account) and Pages 15 through 20 (Separate Accounts).

<p>| Column 1: | Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 30, Line 34, Column 10 (General Account) and Page 15, Line 34, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 9 (General Account) and Page 20, Line 0199999, Column 9 (Separate Accounts). |
| Column 2: | Report the total mortgage loans from Page 31, Line 60, Column 10 (General Account) and Page 16, Line 60, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 9 (General Account) and Page 20, Line 0299999, Column 9 (Separate Accounts). |
| Column 4: | Report the total common stock from Page 32, Line 17, Column 10 (General Account) and Page 17, Line 17, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 9 (General Account) and Page 20, Line 0399999, Column 9 (Separate Accounts). |</p>
<table>
<thead>
<tr>
<th>Column 5: Report the total real estate from Page 32, Line 21, Column 10 (General Account) and from Page 17, Line 21, Column 10 (Separate Accounts), if applicable, plus the total other invested assets from Page 34, Line 99, Column 10 (General Account) and from Page 19, Line 86, Column 10 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 35, Line 0499999, Column 9 (General Account) and Page 20, Line 0499999, Column 9 (Separate Accounts).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 10 – Reserve Objective (includes separate accounts assets, if applicable)</td>
</tr>
<tr>
<td>Report the reserve objective amount for each asset category as calculated on Pages 30 through 35 (General Account) and Pages 15 through 20 (Separate Accounts).</td>
</tr>
<tr>
<td>Column 1: Report the total bonds, preferred stock, short–term investments and derivative instruments from Page 30, Line 34, Column 8 (General Account) and Page 15, Line 34, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0199999, Column 8 (General Account) and Page 20, Line 0199999, Column 8 (Separate Accounts).</td>
</tr>
<tr>
<td>Column 2: Report the total mortgage loans from Page 31, Line 60, Column 8 (General Account) and Page 16, Line 60, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0299999, Column 8 (General Account) and Page 20, Line 0299999, Column 8 (Separate Accounts).</td>
</tr>
<tr>
<td>Column 4: Report the total common stock from Page 32, Line 17, Column 8 (General Account) and Page 17, Line 17, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0399999, Column 8 (General Account) and Page 20, Line 0399999, Column 8 (Separate Accounts).</td>
</tr>
<tr>
<td>Column 5: Report the total real estate from Page 32, Line 21, Column 8 (General Account) and from Page 17, Line 21, Column 8 (Separate Accounts), if applicable; plus the total other invested assets from Page 34, Line 99, Column 8 (General Account) and from Page 19, Line 99, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 35, Line 0499999, Column 8 (General Account) and Page 20, Line 0499999, Column 8 (Separate Accounts).</td>
</tr>
</tbody>
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Detail Eliminated to Conserve Space
### Basic Contribution, Reserve Objective and Maximum Reserve Calculations

#### Equity and Other Invested Asset Component

<table>
<thead>
<tr>
<th>Line Number</th>
<th>NAIC Description</th>
<th>Description</th>
<th>Book/Adjusted Carrying Value</th>
<th>Reliably Related Party Equities</th>
<th>Add Third Party Equities</th>
<th>Balance for AVR Reserve Calculations (Cols. 1+2+3)</th>
<th>Basic Contribution Factor</th>
<th>Reserve Objective Factor</th>
<th>Maximum Reserve Factor</th>
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<tr>
<td>65</td>
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<td>66</td>
<td>Unaffiliated Private</td>
<td>XXX</td>
<td>XXX</td>
<td>0.000</td>
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<td>67</td>
<td>Affiliated Life with AVR</td>
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<td>68</td>
<td>Affiliated Certain Other (See SVO Purposes &amp; Procedures Manual)</td>
<td>XXX</td>
<td>XXX</td>
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<td>69</td>
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</table>

#### Total with Common Stock Characteristics

| Total with Common Stock Characteristics | XXX | XXX | XXX | XXX | XXX | XXX |

#### Invested with the Underlying Characteristics of Common Stock

| Description | XXX | XXX | XXX | XXX | XXX | XXX |

#### Invested with the Underlying Characteristics of Real Estate

| Description | XXX | XXX | XXX | XXX | XXX | XXX |

#### Low Income Housing Tax Credit Investments

| Description | 0.003 | 0.006 | 0.0010 | XXX | XXX | XXX |

#### Residual Tranches or Interests

| Description | 0.000 | 0.1580 | 0.1580 | XXX | XXX | XXX |

#### All Other Investments

| Description | 0.000 | 0.1580 | 0.1580 | XXX | XXX | XXX |

### Notes

(a) Times the company’s weighted average portfolio beta (Minimum .1215, Maximum .2431).

(b) Determined using same factors and breakdowns used for directly owned real estate.

(c) This will be the factor associated with the risk category determined in the company generated worksheet.

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