

**REVISIONS TO  
2021 NAIC ANNUAL STATEMENT INSTRUCTIONS – PROPERTY**

**DEC 2021**

**PAGE 465: SCHEDULE D, PART 2, SECTION 1**

Revision: Modify the instructions for Column 8, Book/Adjusted Carrying Value, to require perpetual preferred stocks at fair value not to exceed the call price regardless of whether AVR is maintained or not.

Reason: Changes adopted by the Statutory Accounting Principles (E) Working Group to *SSAP No. 32R – Preferred Stock* (Ref #2021-10).

**PAGE 590: ACCIDENT AND HEALTH POLICY EXPERIENCE EXHIBIT**

Revision: Fix crosscheck for Column 6 (Direct Incurred Claims Amount)

Reason: Crosscheck did not properly reflect using the change in the reserve from Exhibit 6 for Life/Fraternal companies.

**PAGE 716: ACTUARIAL OPINION SUMMARY SUPPLEMENT**

Revision: Remove reference to Statements of Principles adopted by the Casualty Actuarial Society.

Reason: Principles were rescinded by Casualty Actuarial Society.

**EDITOR’S NOTE:**

The above changes are highlighted on the revised pages that follow.

Recent Blanks (E) Working Group agenda items (exposure drafts) may be viewed in detail at the following website: [www.naic.org/cmt\\_e\\_app\\_blanks.htm](http://www.naic.org/cmt_e_app_blanks.htm).

Column 3 – Code

Enter “^” in this column for all assets that are bifurcated between the insulated separate account filing and the non-insulated separate account filing.

If preferred stocks are not under the exclusive control of the company as shown in the General Interrogatories, they are to be identified by placing one of the codes **identified in the Investment Schedules General Instructions** in this column.

**Separate Account Filing Only:**

If the asset is a bifurcated asset between the insulated separate account filing and the non-insulated separate account filing, the “^” should appear first, immediately followed by the appropriate code (**identified in the Investment Schedules General Instructions**).

Column 4 – Foreign

Insert the appropriate code in the column based on the **list provided in the Investment Schedules General Instructions**.

Column 7 – Rate Per Share

Insert the market rate for preferred stocks not in good standing.

Column 8 – Book/Adjusted Carrying Value

The chart below details the appropriate valuation method for this column. The *Purposes & Procedures Manual of the NAIC Investment Analysis Office* and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* may allow other valuation methods for preferred stock investments in Subsidiary, Controlled or Affiliated (SCA) companies.

Deduct: Cash dividends paid on Payment In Kind stock during the stock dividend period.

A direct write-down for a decline in the fair value of a stock that is other-than-temporary.

For reporting entities maintaining an AVR:

Redeemable Preferred

NAIC Designation 1 – 3

Enter book value.

NAIC Designation 4 – 6

Enter the lower of book value or fair value.

Perpetual Preferred

NAIC Designation 1 – 6

Enter fair value not to exceed any currently effective call price.

For reporting entities not maintaining an AVR:

Redeemable Preferred

NAIC Designation 1 – 2

Enter book value.

NAIC Designation 3 – 6

Enter the lower of book value or fair value.

Perpetual Preferred

NAIC Designations 1 – 6

Enter fair value not to exceed any currently effective call price.

Column 6 – Direct Incurred Claims Amount

This column does not include the “Increase in Policy Reserves.”

The grand total reported should equal:

Life\Fraternal Exhibit 8, Part 2, Line 6.1, Columns (9+10+11).

Minus Exhibit 6, Line 14, Column 1 CY.

Plus Exhibit 6, Line 14, Column 1 PY.

Health Underwriting and Investment Exhibit, Part 2, Line 12.1, Column 1 minus Column 10.

NOTE: This excludes payments for any administrative costs.

Property Exhibit of Premiums and Losses, Column 6 sum of Lines 13 through 15.

Column 7 – Assumed Incurred Claims Amount

The grand total reported should equal:

Health Underwriting and Investment Exhibit, Part 2, Line 12.2, Column 1 minus Column 10.

Property Underwriting and Investment Exhibit, Part 2, Column 2 sum of Lines 13 through 15.

Plus Underwriting and Investment Exhibit, Part 2A, Column 2 sum of Lines 13 through 15 – Current Year.

Minus Underwriting and Investment Exhibit, Part 2A, Column 2 sum of Lines 13 through 15 – Prior Year.

Plus Underwriting and Investment Exhibit, Part 2A, Column 6 sum of Lines 13 through 15 – Current Year.

Minus Underwriting and Investment Exhibit, Part 2A, Column 6 sum of Lines 13 through 15 – Prior Year.

Column 8 – Ceded Incurred Claims Amount

The grand total reported should equal:

Health Underwriting and Investment Exhibit, Part 2, Line 12.3, Column 1 minus Column 10.

Property Underwriting and Investment Exhibit, Part 2, Column 3 sum of Lines 13 through 15.

Plus Underwriting and Investment Exhibit, Part 2A, Column 3 sum of Lines 13 through 15 – Current Year.

Minus Underwriting and Investment Exhibit, Part 2A, Column 3 sum of Lines 13 through 15 – Prior Year.

Plus Underwriting and Investment Exhibit, Part 2A, Column 7 sum of Lines 13 through 15 – Current Year.

Minus Underwriting and Investment Exhibit, Part 2A, Column 7 sum of Lines 13 through 15 – Prior Year.

Column 9 – Net Incurred Claims Amount

The grand total reported should equal:

Life\Fraternal Schedule H, Part 1, Column 1, Line 3

Health Underwriting and Investment Exhibit, Part 2, Line 12.4, Column 1 minus Column 10.

Property Schedule H, Part 1, Column 1, Line 3

## ACTUARIAL OPINION SUMMARY SUPPLEMENT

1. For all Companies that are required by their domiciliary state to submit a confidential document entitled Actuarial Opinion Summary (AOS), such document shall be filed with the domiciliary state by March 15 (or by a later date otherwise specified by the domiciliary state). This AOS shall be submitted to a non-domiciliary state within 15 days of request, but no earlier than March 15, provided that the requesting state can demonstrate, through the existence of law or some similar means, that it is able to preserve the confidentiality of the document.
2. The AOS should be consistent with the appropriate Actuarial Standards of Practice (ASOPs), including but not limited to ASOP No. 23, ASOP No. 41 and ASOP No. 43, as promulgated by the Actuarial Standards Board.
3. Exemptions for filing the AOS are the same as those for filing the Statement of Actuarial Opinion.
4. The AOS contains significant proprietary information. It is expected that the AOS be held confidential; it is not intended for public inspection. The AOS should not be filed with the NAIC and should be kept separate from any copy of the Statement of Actuarial Opinion (Actuarial Opinion) in order to maintain confidentiality of the AOS. The AOS can contain a statement that refers to the Actuarial Opinion and the date of that opinion.
5. The AOS should be signed and dated by the Appointed Actuary who signed the Actuarial Opinion and shall include at least the following:
  - A. The Appointed Actuary's range of reasonable estimates for loss and loss adjustment expense reserves, net and gross of reinsurance, when calculated;
  - B. The Appointed Actuary's point estimates for loss and loss adjustment expense reserves, net and gross of reinsurance, when calculated;
  - C. The Company's carried loss and loss adjustment expense reserves, net and gross of reinsurance;
  - D. The difference between the Company's carried reserves and the Appointed Actuary's estimates calculated in A and B, net and gross of reinsurance; and
  - E. Where there has been one-year adverse development in excess of 5% of the prior year-end's policyholders' surplus as measured by Schedule P, Part 2 Summary in three (3) or more of the past five (5) calendar years, an explicit description of the reserve elements or management decisions that were the major contributors.
6. The AOS for a pooled Company (as referenced in paragraph 1C of the instructions for the Actuarial Opinion) shall include a statement that the Company is a xx% pool participant. For a non-0% Company, the information provided for paragraph 5 should be numbers after the Company's share of the pool has been applied; specifically, the point or range comparison should be for each statutory Company and should not be for the pool in total. For any 0% pool participant, the information provided for paragraph 5 should be that of the lead company.
7. The net and gross reserve values reported by the Appointed Actuary in the AOS should reconcile to the corresponding values reported in the Insurer's Annual Statement, the Appointed Actuary's Actuarial Opinion and the Actuarial Report. If not, the Appointed Actuary shall provide an explanation of the difference.