Blanks Agenda Item Submission Form

DATE: 03/03/2022

CONTACT PERSON: Pat Allison
TELEPHONE: 816-783-8528
EMAIL ADDRESS: pallison@naic.org

ON BEHALF OF: LATF
NAME: Mike Boerner, Chair
TITLE:
AFFILIATION:
ADDRESS:

FOR NAIC USE ONLY
Agenda Item # 2022-09BWG
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 05/25/2022
[ ] Rejected Date
[ ] Deferred Date
[ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES
[ X ] ANNUAL STATEMENT
[ X ] QUARTERLY STATEMENT
[ 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

See next page for details of changes to the VM-20 Reserves Supplement and Supplemental Exhibits and Schedules Interrogatories (Quarterly Statement).

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

Changing the reporting for the Life PBR Exemption, corresponding to changes in the Life PBR Exemption in the Valuation Manual.

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

VM-20 Reserves Supplement Blank:

- Part 2: Add Question 3, a disclosure of the year that the Life PBR Exemption was actively filed and a confirmation of the eligibility criteria in the case of ongoing exemptions. Also, correct references to a state “granting” an exemption, since this is often not the case (e.g., the exemption may be allowed).

VM-20 Reserves Supplement Instructions:

- Add instructions for the new disclosure item, Question 3. Also, correct references to a state “granting” an exemption, since this is often not the case (e.g., the exemption may be allowed).

Supplemental Exhibits and Schedules Interrogatories (Quarterly Statement):

- For Question 8, add instructions for how to respond if the company is utilizing the ongoing exemption. The same instructions can also be found in the *Valuation Manual*, Section II, Subsection 1.G.1.
Life PBR Exemption

This section of the Supplement should be completed by a company that has filed or was allowed and been granted a Life PBR Exemption from its state of domicile. Depending on state requirements, “allowed” may mean “granted”, “acknowledged”, “not rejected”, or similar language.

If a company has or was allowed a Life PBR Exemption by its state of domicile, the company must indicate the source of the Life PBR Exemption, which could be defined in a state statute, a state regulation or in the NAIC-adopted *Valuation Manual*. If the source of the granted Life PBR Exemption is not the NAIC-adopted *Valuation Manual*, the company must disclose the criteria of the state’s Life PBR Exemption that the company has met, and the company must disclose the minimum reserve requirements that are required by the state of domicile. If the minimum reserve requirements of the state of domicile are the same as those specified in the NAIC-adopted *Valuation Manual*, the company may indicate: “Same as NAIC VM”. If the criteria for the Life PBR Exemption is the same as or substantially similar to the NAIC-adopted *Valuation Manual*, the company must also disclose the calendar year that the Life PBR Exemption was filed with and allowed by its state of domicile. If that calendar year is prior to the year of the annual statement, then the company must confirm that they meet the criteria for an ongoing exemption.

Companies whose individual ordinary life business is exempted from the requirements of VM-20 pursuant to a Life PBR Exemption are not required to complete Part 1 of this VM-20 Supplement.
### Life PBR Exemption as defined in the NAIC adopted Valuation Manual (VM)

1. Has the company been allowed filed and been granted a Life PBR Exemption from the reserve requirements of VM-20 of the Valuation Manual by their state of domicile?  [ ] Yes [ ] No

2. If the response to Question 1 is "Yes", then check the source of the granted "Life PBR Exemption" definition? (Check either 2.1, 2.2 or 2.3)

   2.1 NAIC Adopted VM

   2.2 State Statute (SVL)

   a. Is the criteria in the State Statute (SVL) different from the NAIC adopted VM?  [ ] Yes [ ] No

   b. If the answer to "a" above is "Yes", provide the criteria the state has used to grant allow the Life PBR Exemption (e.g., Group/Legal Entity criteria) and the minimum reserve requirements that are required by the state of domicile (if the minimum reserve requirements are the same as the Adopted VM, write SAME AS NAIC VM):

      ...........................................................................................................................................................................................................................................................................................................................................................................................

2.3 State Regulation

   a. Is the criteria in the State Regulation different from the NAIC adopted VM? [ ] Yes [ ] No

   b. If the answer to "a" above is "Yes", provide the criteria of the state's Life PBR Exemption that the company has met that the state has used to grant the Life PBR Exemption and the minimum reserve requirements that are required by the state of domicile (if the minimum reserve requirements are the same as the Adopted VM, write SAME AS NAIC VM):

      ...........................................................................................................................................................................................................................................................................................................................................................................................

3. If the criteria for the "Life PBR Exemption" is the same as or substantially similar to the NAIC adopted VM (i.e., Question 2.1 is checked or Question 2.2.a is "No" or Question 2.3.a is "No"), then provide the most recent year that the company filed a statement of exemption that was allowed. If such calendar year is not the current calendar year for this statement, also provide confirmation that the company meets the criteria for utilizing an ongoing statement of exemption, meaning that none of the following apply: 1) the company fails to meet either of the conditions in VM Section II, Subsection 1.G.2, 2) the policies exempted contain those in VM Section II, Subsection 1.G.3, or 3) the domiciliary commissioner contacted the company prior to Sept. 1 and notified them that the statement of exemption was not allowed:

   ...........................................................................................................................................................................................................................................................................................................................................................................................
The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a “NONE” report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

8. Will the Life PBR Statement of Exemption be filed with the state of domicile by July 1st and electronically with the NAIC with the second quarterly filing per the Valuation Manual (by August 15)? (2nd Quarter Only) The response for 1st and 3rd quarters should be N/A. A NO response resulting with a bar code is only appropriate in the 2nd quarter. In the case of an ongoing statement of exemption, enter “SEE EXPLANATION” and provide as an explanation that the company is utilizing an ongoing statement of exemption.

9. Will the regulator-only (non-public) Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile and electronically with the NAIC (as a regulator-only non-public document) by August 1? The response for 1st and 3rd quarters should be N/A. A NO response resulting with a bar code is only appropriate in the 2nd quarter.
This page intentionally left blank.