

# NAIC BLANKS (E) WORKING GROUP

## Blanks Agenda Item Submission Form

|  |   |                          |  |
|--|---|--------------------------|--|
| <b>DATE:</b> <u>02/07/2023</u>   |   | <b>FOR NAIC USE ONLY</b> |  |
| <b>CONTACT PERSON:</b> <u>Ryan Fleming (Vice Chair American Academy of Actuaries &amp; Dale Bruggeman (Chair SAPWG))</u>                   | Agenda Item # <u>2023-09BWG</u>   |                          |  |
|  | Year <u>2023</u>  |                          |  |
| <b>TELEPHONE:</b> <u>Ryan (414) 665-5020</u>   | Changes to Existing Reporting <input type="checkbox"/>  |                          |  |
|  | New Reporting Requirement <input checked="" type="checkbox"/>   |                          |  |
| <b>EMAIL ADDRESS:</b> <u>ryanfleming@northwesternmutual.com</u>  | <b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b>  |                          |  |
|  | No Impact <input checked="" type="checkbox"/>   |                          |  |
| <b>ON BEHALF OF:</b> <u>Joint submission by (i) AAA C-2 Mortality Working Group and (ii) Statutory Accounting Principles Working Group</u> | Modifies Required Disclosure <input type="checkbox"/>   |                          |  |
|  | Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? <input type="checkbox"/> No <input type="checkbox"/> Yes<br>***If Yes, complete question below***  |                          |  |
| <b>NAME:</b> <u>Ryan Fleming (Vice Chair American Academy of Actuaries and Dale Bruggeman (Chair SAPWG))</u>                               | <b>DISPOSITION</b>  |                          |  |
|  | <input type="checkbox"/> Rejected For Public Comment<br><input type="checkbox"/> Referred To Another NAIC Group<br><input type="checkbox"/> Received For Public Comment<br><input type="checkbox"/> Adopted Date _____<br><input type="checkbox"/> Rejected Date _____<br><input checked="" type="checkbox"/> Deferred Date <u>05/31/2023</u><br><input type="checkbox"/> Other (Specify) _____ |                          |  |

### 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 checked="" type="checkbox"/> BLANK         |   |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts        | <input type="checkbox"/> Title                  |
| <input type="checkbox"/> Property/Casualty                            | <input type="checkbox"/> Protected Cell           | <input type="checkbox"/> Other _____            |
| <input type="checkbox"/> Health                                       | <input type="checkbox"/> Health (Life Supplement) |   |

Anticipated Effective Date: Annual 2023

### IDENTIFICATION OF ITEM(S) TO CHANGE

Add a new financial statement Note 37 – Life Insurance Net Amount at Risk by Product Characteristics to the life and A&H/fraternal blank for the updates to the life C-2 mortality risk charges for Life Risk-Based Capital (RBC).

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

The new financial statement note will develop the net amounts at risk in the categories needed for the Life C-2 worksheet to create a direct link to a financial statement source.

\*\*\*IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL\*\*\*

### NAIC STAFF COMMENTS

Comment on Effective Reporting Date: \_\_\_\_\_

Other Comments:

\*\* This section must be completed on all forms.

Revised 11/17/2022

NOTES TO FINANCIAL STATEMENTS

Detail Eliminated To Conserve Space

**37. Life Insurance Net Amount at Risk by Product Characteristics**

Instruction:

Disclose the gross, assumed, ceded, and net of reinsurance amounts for the life insurance net amount at risk by product characteristics, separately for Individual and Industrial Life and Group and Credit Life.

A. Individual and Industrial Life

Within individual & industrial life, the categories are by contract type depending on the degree of pricing flexibility. Pricing Flexibility is defined as the ability to materially adjust rates on in force contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next 5 policy years and reflecting typical business practices.

(1) Total Individual and Industrial Life

- (1) Total Individual and Industrial Life should equal (2) Individual and Industrial Life Policies with Pricing Flexibility plus (3) Individual and Industrial Term Life Policies without Pricing Flexibility plus (4) Individual and Industrial Permanent Life Policies without Pricing Flexibility for each line and column. (Example: A(1)a = A(2)a + A(3)a + A(4)a)

(2) Individual and Industrial Life Policies with Pricing Flexibility

(3) Individual and Industrial Term Life Policies without Pricing Flexibility

(4) Individual and Industrial Permanent Life Policies without Pricing Flexibility

|   |  |
|---|--|
| a | <u>Life in Force - Exhibit of Life Insurance Amount of Insurance for Industrial and Ordinary Life, Lines 21 and 22</u>   |
| b | <u>Exhibit 5 Life Reserves - Exhibit 5 for Industrial and Ordinary Life, Lines 0199997 and 0199998</u>   |
| c | <u>Separate Account Life Reserves – Separate Accounts, Exhibit 3, Column 3 Line 0199999</u>  |
| d | <u>Modified Coinsurance Life Reserves – The portion of modified coinsurance life reserves which relates to policy reserves that, if written on a direct basis would be included on Exhibit 5. For Assumed (column 2 below) the portion of the modified coinsurance life reserves would be from Schedule S, Part 1, Section 1, Column 12 . For the Ceded (column 3 below), the portion of the modified coinsurance life reserve would be from Schedule S Part 3, Sections 1, Column 14.</u> |

B. Group and Credit Life Excluding FEGLI/SGLI

Within group & credit life, the categories are by the remaining length of the premium rate term by group contract and on the degree of pricing flexibility. Pricing Flexibility is defined as the ability to materially adjust rates on in force contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next 5 policy years and reflecting typical business practices.

(1) Total Group and Credit Life Excluding FEGLI/SGLI

- (1) Total Group and Credit Life Excluding FEGLI/SGLI should equal (2) Group and Credit Term Life Excluding FEGLI/SGLI with Remaining Rate Terms 36 Months and Under plus (3) Group and Credit Term Life Excluding FEGLI/SGLI with Remaining Rate Terms Over 36 Months plus (4) Group and Credit Permanent Life Policies Excluding FEGLI/SGLI with Pricing Flexibility plus (5) Group and Credit Permanent Life Policies Excluding FEGLI/SGLI without Pricing Flexibility for each line and column. (Example: B(1)a = B(2)a + B(3)a + B(4)a + B(5)a)

(2) Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms 36 Months and Under

(3) Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms Over 36 Months

(4) Group and Credit Permanent Life Policies (Excluding FEGLI/SGLI) with Pricing Flexibility

(5) Group and Credit Permanent Life Policies (Excluding FEGLI/SGLI) without Pricing Flexibility

|   |   |
|---|---|
| a | Life in Force - Exhibit of Life Insurance Amount of Insurance for Group and Credit Life, Lines 21 and 22; exclude amounts for FEGLI and SGLI reported on lines 43 and 44  |
| b | Exhibit 5 Life Reserves - Exhibit 5 for Group and Credit Life, Lines 0199997 and 0199998  |
| c | Separate Account Life Reserves – Separate Accounts, Exhibit 3, Column 4 Line 0199999  |
| d | Modified Coinsurance Life Reserves – The portion of modified coinsurance life reserves which relates to policy reserves that, if written on a direct basis would be included on Exhibit 5. For Assumed (column 2 below) the portion of the modified coinsurance life reserves would be from Schedule S, Part 1, Section 1, Column 12 . For the Ceded (column 3 below), the portion of the modified coinsurance life reserve would be from Schedule S Part 3, Sections 1, Column 14. |

Illustration:

**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.**

A. Individual and Industrial Life

(1) Total Individual and Industrial Life

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(2) Individual and Industrial Life Policies with Pricing Flexibility

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(3) Individual and Industrial Term Life Policies without Pricing Flexibility

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(4) Individual and Industrial Permanent Life Policies without Pricing Flexibility

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

B. Group and Credit Life Excluding FEGLI/SGLI

(1) Total Group and Credit Life Excluding FEGLI/SGLI

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(2) Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms 36 Months and Under

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(3) Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms Over 36 Months

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(4) Total Group and Credit Permanent Life Policies (Excluding FEGLI/SGLI) with Pricing Flexibility

|                                       | (1) Gross | (2) Assumed | (3) Ceded | (4) Net of Reinsurance<br>(1) + (2) – (3) |
|---------------------------------------|-----------|-------------|-----------|---|
| a. Life in Force                      |           |             |           |   |
| b. Exhibit 5 Life Reserves            |           |             |           |   |
| c. Separate Account Life Reserves     |           |             |           |   |
| d. Modified Coinsurance Life Reserves |           |             |           |   |
| e. Life Reserves (b) + (c) + (d)      | \$        | \$          | \$        | \$  |
| f. Life Net Amount at Risk (a) – (e)  | \$        | \$          | \$        | \$  |

(5) Total Group and Credit Permanent Life Policies (Excluding FEGLI/SGLI) without Pricing Flexibility

|                                       | <u>(1) Gross</u>  | <u>(2) Assumed</u> | <u>(3) Ceded</u>  | <u>(4) Net of Reinsurance<br/>(1) + (2) – (3)</u> |
|---------------------------------------|-------------------|--------------------|-------------------|---|
| a. Life in Force                      | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u>                                 |
| b. Exhibit 5 Life Reserves            | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u>                                 |
| c. Separate Account Life Reserves     | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u>                                 |
| d. Modified Coinsurance Life Reserves | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u>                                 |
| e. Life Reserves (b) + (c) + (d)      | <u>\$       </u>  | <u>\$       </u>   | <u>\$       </u>  | <u>\$       </u>                                  |
| f. Life Net Amount at Risk (a) – (e)  | <u>\$       </u>  | <u>\$       </u>   | <u>\$       </u>  | <u>\$       </u>                                  |

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