

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: _____		FOR NAIC USE ONLY	
CONTACT PERSON: _____	_____	Agenda Item # <u>2023-13BWG</u>	
		Year <u>2024</u>	
TELEPHONE: _____	_____	Changes to Existing Reporting <input type="checkbox"/> <input type="checkbox"/>	
		New Reporting Requirement <input checked="" type="checkbox"/> <input type="checkbox"/>	
EMAIL ADDRESS: _____	_____	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT	
ON BEHALF OF: _____	_____	No Impact <input checked="" type="checkbox"/> <input type="checkbox"/>	
		Modifies Required Disclosure <input type="checkbox"/> <input type="checkbox"/>	
NAME: <u>Dale Bruggeman</u>	_____	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? <input type="checkbox"/> No <input type="checkbox"/>	
TITLE: <u>Chair SAPWG</u>	_____	***If Yes, complete question below***	
AFFILIATION: <u>Ohio Department of Insurance</u>	_____	DISPOSITION	
ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	_____	<input type="checkbox"/> <input type="checkbox"/> Rejected For Public Comment	
		<input type="checkbox"/> <input type="checkbox"/> Referred To Another NAIC Group	
		<input checked="" type="checkbox"/> <input type="checkbox"/> Received For Public Comment	
		<input type="checkbox"/> <input type="checkbox"/> Adopted Date _____	
		<input type="checkbox"/> <input type="checkbox"/> Rejected Date _____	
		<input type="checkbox"/> <input type="checkbox"/> Deferred Date _____	
		<input type="checkbox"/> <input type="checkbox"/> Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2024

IDENTIFICATION OF ITEM(S) TO CHANGE

Add new instruction and illustration under Note 5 – Investments for Net Negative (Disallowed) Interest Maintenance Reserve (IMR) and a new general interrogatory for a company attestation.

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

This proposal updates Notes to Financial Statement and General Interrogatories for the Statutory Accounting Principles Working Group's disclosure on Net Negative (Disallowed) Interest Maintenance Reserve (INT 23-01)

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:

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

NOTES TO FINANCIAL STATEMENTS

5. Investments

Instruction:

Detail Eliminated To Conserve Space

- R. The financial statements shall disclose the reporting entity's share of the cash pool by asset type (cash, cash equivalents, or short-term investments).

This note shall only be completed in the event the reporting entity has a reported balance in a qualified cash pool (Line 8409999999 in Schedule E, Part 2). As an example, if a reporting entity has a \$1M cash balance in a qualified cash pool, and the cash pool report indicated their \$1M position represented \$700K in cash, \$200k in cash equivalents and \$100k in short-term investments, the disclosure would indicate cash at 70%, cash equivalents at 20% and short-term investments at 10%. The summation of investment makeup percentages must equal 100%.

- S. Reporting entities admitting net negative (disallowed) IMR are required to complete the following disclosures in the quarterly and annual financial statements. (Note 5S only applies to Life/Fraternal companies).

- (1) Net negative (disallowed) IMR in aggregate and allocated between the general account, insulated separate account and non-insulated account.
- (2) Amounts of negative IMR admitted in the general account and reported as an asset in the insulated separate account and non-insulated blank.
- (3) The calculated adjusted capital and surplus.
- (4) Percentage of adjusted capital and surplus for which the admitted net negative (disallowed) IMR represents (including what is admitted in the general account and what is recognized as an asset in the separate account).
- (5) Reporting entities that have allocated gains/losses to IMR from derivatives that were reported at fair value prior to the termination of the derivative shall disclose the unamortized balances in IMR from these allocations separately between gains and losses.

Detail Eliminated To Conserve Space

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.

- S. Reporting Net Negative (Disallowed) Interest Maintenance Reserve (IMR)

- (1) Net negative (disallowed) IMR

<u>Total</u>	<u>General Account</u>	<u>Insulated Separate Account</u>	<u>Non-Insulated Separate Account</u>
\$	\$	\$	\$

(2) Negative (disallowed) IMR admitted				
	<u>Total</u>	<u>General Account</u>	<u>Insulated Separate Account</u>	<u>Non-Insulated Separate Account</u>
	\$	\$	\$	\$

(3) Calculated adjusted capital and surplus

	<u>Total</u>
Prior Period General Account Capital & Surplus	\$
From Prior Period SAP Financials	
Net Positive Goodwill (admitted)	\$
EDP Equipment & Operating System Software (admitted)	\$
Net DTAs (admitted)	\$
Net Negative (disallowed) IMR (admitted)	\$
Adjusted Capital & Surplus	\$

(4) Percentage of adjusted capital and surplus

	<u>Total</u>
Percentage of Total Net Negative (disallowed) IMR admitted in General Account or recognized in Separate Account to adjusted capital and surplus %

(5) Allocated gains/losses to IMR from derivatives

	<u>Gains</u>	<u>Losses</u>
Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Prior Period	\$	\$
Fair Value Derivative Gains & Losses Realized to IMR – Added in Current Period	\$	\$
Fair Value Derivative Gains & Losses Amortized Over Current Period	\$	\$
Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Current Period Total	\$	\$

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

INVESTMENT

Detail Eliminated To Conserve Space

~~38~~ Answer “YES” if the company is admitting net negative (disallowed) interest maintenance reserve (IMR). Life/Fraternal companies should answer “YES” or “NO”. Property/Casualty, Health, and Title companies should answer “N/A”

~~38~~39.1 Answer “YES” if the company directly owns cryptocurrencies. Answer “NO” if the company does not directly own cryptocurrencies or only holds cryptocurrencies indirectly through funds (ETFs, Mutual Funds, etc.) *INT 21-01: Accounting for Cryptocurrencies* established that directly held cryptocurrencies do not meet the definition of cash or an admitted asset and are therefore considered to be a nonadmitted asset for statutory accounting.

~~38~~39.2 If the answer to 38.1 is “YES”, specify on which schedule they are reported. (e.g., Schedule BA, etc.)

~~39~~40.2 If the answer to 39.1 is “YES”, indicate if it is the policy of the reporting entity to directly hold cryptocurrency accepted as payment for premiums or immediately convert to U.S. dollars. Select “YES” for both questions if some cryptocurrencies are held directly and others are immediately converted to U.S. dollars.

~~39~~40.21 Answer “YES” if it is the policy of the reporting entity to directly hold cryptocurrency that was accepted as payment for premiums.

~~39~~40.22 Answer “YES” if it is the policy of the reporting entity to immediately convert cryptocurrency accepted as payment for premiums to U.S. dollars.

~~39~~40.3 If the answer to 38.1 or 39.1 is “YES”, complete Columns 1 through 3 for each cryptocurrency accepted for payments of premiums or held directly.

Name of Cryptocurrency:

Provide the name of each cryptocurrency accepted for payments of premiums or held directly.

Immediately Converted to USD, Directly Held, or Both:

For each cryptocurrency listed, provide one of the following responses:

- Immediately converted to USD
- Directly held,
- Both.

Accepted for Payment of Premiums:

If the cryptocurrencies are accepted for the payment of premiums provide the response of “YES” in the column otherwise the response in the column should be “NO”.

OTHER

| ~~40~~41. The purpose of this General Interrogatory is to capture information about payments to any trade association, service organization, and statistical or rating bureau. A “service organization” is defined as every person, partnership, association or corporation that formulates rules, establishes standards, or assists in the making of rates or standards for the information or benefit of insurers or rating organizations.

| ~~41~~42. The purpose of this General Interrogatory is to capture information about legal expenses paid during the year. These expenses include all fees or retainers for legal services or expenses, including those in connection with matters before administrative or legislative bodies. It excludes salaries and expenses of company personnel, legal expenses in connection with investigation, litigation and settlement of policy claims, and legal fees associated with real estate transactions, including mortgage loans on real estate. Do not include amounts reported in General Interrogatories No. 40 and No. 42.

| ~~42~~43. The purpose of this General Interrogatory is to capture information about expenditures in connection with matters before legislative bodies, officers or departments of government paid during the year. These expenses are related to general legislative lobbying and direct lobbying of pending and proposed statutes or regulations before legislative bodies and/or officers or departments of government. Do not include amounts reported in General Interrogatories No. 40 and No. 41.

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

INVESTMENT

Detail Eliminated To Conserve Space

38. Reporting entities admitting net negative (disallowed) interest maintenance reserve (IMR) attest to the following:

- a. Fixed income investments generating IMR losses comply with the reporting entity's documented investment or liability management policies.
- b. IMR losses for fixed income related derivatives are all in accordance with prudent and documented risk management procedures, in accordance with a reporting entity's derivative use plans and reflect symmetry with historical treatment in which unrealized derivative gains were reversed to IMR and amortized in lieu of being recognized as realized gains upon derivative termination.
- c. Any deviation to (a) was either because of a temporary and transitory timing issue or related to a specific event, such as a reinsurance transaction, that mechanically made the cause of IMR losses not reflective of reinvestment activities.
- d. Asset sales that were generating admitted negative IMR were not compelled by liquidity pressures (e.g., to fund significant cash outflows including, but not limited to excess withdrawals and collateral calls).

Is the reporting entity admitting net negative (disallowed) IMR in accordance with these criteria?

Yes ☐ No ☐ N/A ☐

3839.1 Does the reporting entity directly hold cryptocurrencies?

Yes ☐ No ☐

3839.2 If the response to 38.1 is yes, on what schedule are they reported?

3940.1 Does the reporting entity directly or indirectly accept cryptocurrencies as payments for premiums on policies?

Yes ☐ No ☐

3940.2 If the response to 39.1 is yes, are the cryptocurrencies held directly or are they immediately converted to U.S. dollars?

39.21

Held directly

Yes ☐ No ☐

39.22

Immediately converted to U.S. dollars

Yes ☐ No ☐

3940.3 If the response to 38.1 or 39.1 is yes, list all cryptocurrencies accepted for payments of premiums or that are held directly.

1 Name of Cryptocurrency	2 Immediately Converted to USD, Directly Held, or Both	3 Accepted for Payment of Premiums

OTHER

4041.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$ _____

4041.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations, and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

4142.1 Amount of payments for legal expenses, if any?

\$ _____

4142.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

4243.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers, or departments of government, if any?

\$ _____

4243.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers, or departments of government during the period covered by this statement.