

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p align="right">DATE: <u>09/26/2023</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Dale Bruggeman</u></p> <p>TITLE: <u>Chair SAPWG</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50W. Town St., 3<sup>rd</sup> Fl., Ste. 300</u> <u>Columbus, OH 43215</u></p>	<p align="center"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # <u>2023-13BWG MOD</u> Year <u>2024</u></p> <p>Changes to Existing Reporting [ ] New Reporting Requirement [ X ]</p> <hr/> <p align="center"><b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact [ X ] Modifies Required Disclosure [ ]</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [ No ] <i>***If Yes, complete question below***</i></p> <hr/> <p align="center"><b>DISPOSITION</b></p> <p>[ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [ ] Received For Public Comment [ X ] Adopted Date <u>02/21/2024</u> [ ] Rejected Date _____ [ ] Deferred Date _____ [ ] Other (Specify) _____</p>
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**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:

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

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. (Note: If a company completes this Note, consideration should be given to updating Note 13I (Reasons for Changes in Balance of Special Surplus Funds from Prior Period).)
- (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)

	<u>(1) Net negative (disallowed) IMR</u>			
	<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>
<u>Prior Period General Account Capital &amp; Surplus</u>	\$ .....
<u>From Prior Period SAP Financials</u>	
<u>Net Positive Goodwill (admitted)</u>	\$ .....
<u>EDP Equipment &amp; Operating System Software (admitted)</u>	\$ .....
<u>Net DTAs (admitted)</u>	\$ .....
<u>Net Negative (disallowed) IMR (admitted)</u>	\$ .....
<u>Adjusted Capital &amp; Surplus</u>	\$ .....

(4) Percentage of adjusted capital and surplus

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

(5) Allocated gains/losses to IMR from derivatives

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

**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”~~

3839.1 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.

3839.2 If the answer to 38.1 is “YES”, specify on which schedule they are reported. (e.g., Schedule BA, etc.)

3940.2 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.

3940.21 Answer “YES” if it is the policy of the reporting entity to directly hold cryptocurrency that was accepted as payment for premiums.

3940.22 Answer “YES” if it is the policy of the reporting entity to immediately convert cryptocurrency accepted as payment for premiums to U.S. dollars.

3940.3 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**

| 4041. 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.

| 4142. 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.

| 4243. 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 INSTRUCTIONS – LIFE/FRATERNAL**

**GENERAL INTERROGATORIES**

**PART 2 – LIFE ACCIDENT HEALTH COMPANIES/FRATERNAL BENEFIT SOCIETIES INTERROGATORIES**

**Life and Accident Health Companies/Fraternal Benefit Societies:**



8. A “YES” answer indicates the reporting entity is a multistate company based on the information reported in Schedule T – Exhibit of Premiums Written.

If the sum of codes L, R, E and Q provided in Column 1 of Schedule T is greater than 1, the answer to Question 8 should be “YES.”

8.1 A “YES” answer indicates that while the reporting entity does not meet the criteria shown on Schedule T to be considered a multistate insurer, the reporting entity’s assumption of business that covers risks in at least two states will qualify the entity as multistate.

9. 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”

**Life Accident and Health Companies Only:**

910.1 The response is “YES” if subsidiaries or affiliates use or provide personnel or facilities. Third-party expenditures should be excluded.

910.2 Report the amount of expense paid this year by this company for services received in the paid line. Report the amount received by this company for services it provided in the received line.

1314.1 Worker’s compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employer’s liability exposures, of business originally written as workers compensation insurance.

**Fraternal Benefit Societies Only:**

3233.2 N/A is an acceptable response only if Interrogatory 32.1 was answered NO.

3334.2 N/A is an acceptable response only if Interrogatory 33.1 was answered NO.

3536.2 If there are multiple liens, they should be listed individually.

**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.

**ANNUAL STATEMENT BLANK – LIFE/FRATERNAL**

**GENERAL INTERROGATORIES**

**PART 2 –LIFE, ACCIDENT AND HEALTH COMPANIES/FRATERNAL BENEFIT SOCIETIES INTERROGATORIES**



**Detail Eliminated To Conserve Space**

- 8. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [ ] No [ ]
- 8.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [ ] No [ ]

9. 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 [ ]

**Life, Accident and Health Companies Only:**

- 910.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [ ] No [ ]

- 910.2 Net reimbursement of such expenses between reporting entities:
  - 910.21 Paid \$ \_\_\_\_\_
  - 910.22 Received \$ \_\_\_\_\_

- 1011.1 Does the reporting entity write any guaranteed interest contracts? Yes [ ] No [ ]

- 1011.2 If yes, what amount pertaining to these items is included in:
  - 1011.21 Page 3, Line 1 \$ \_\_\_\_\_
  - 1011.22 Page 4, Line 1 \$ \_\_\_\_\_

- 112 For stock reporting entities only:
  - 112.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ \_\_\_\_\_

- 1213 Total dividends paid stockholders since organization of the reporting entity:
  - 1213.11 Cash \$ \_\_\_\_\_
  - 1213.12 Stock \$ \_\_\_\_\_

- 1314.1 Does the reporting entity reinsure any Workers’ Compensation Carve-Out business defined as: Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employer’s liability exposures, of business originally written as workers’ compensation insurance. Yes [ ] No [ ]

- 1314.2 If yes, has the reporting entity completed the Workers’ Compensation Carve-Out Supplement to the Annual Statement? Yes [ ] No [ ]

- 1314.3 If 1314.1 is Yes, the amounts of earned premiums and claims incurred in this statement are:

		1	2	3
		Reinsurance Assumed	Reinsurance Ceded	Net Retained
<u>1314.3</u>	Earned premium .....	.....	.....	.....
1				
<u>1314.3</u>	Paid claims.....	.....	.....	.....
2				
<u>1314.3</u>	Claim liability and reserve (beginning of year).....	.....	.....	.....
3				
<u>1314.3</u>	Claim liability and reserve (end of year).....	.....	.....	.....
4				
<u>1314.3</u>	Incurred claims .....	.....	.....	.....
5				



## GENERAL INTERROGATORIES

### PART 2 –LIFE, ACCIDENT AND HEALTH COMPANIES/FRATERNAL BENEFIT SOCIETIES INTERROGATORIES

1314.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 1314.31 and 1314.34 for Column (1) are:

	Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
<u>1314.41</u>	<\$25,000	.....	.....
<u>1314.42</u>	\$25,000 — 99,999	.....	.....
<u>1314.43</u>	\$100,000 — 249,999	.....	.....
<u>1314.44</u>	\$250,000 — 999,999	.....	.....
<u>1314.45</u>	\$1,000,000 or more	.....	.....

1314.5 What portion of earned premium reported in 1314.31, Column 1 was assumed from pools? \$ \_\_\_\_\_

**Fraternal Benefit Societies Only:**

- 1415. Is the reporting entity organized and conducted on the lodge system, with ritualistic form of work and representative form of government? Yes [ ] No [ ]
- 1516. How often are meetings of the subordinate branches required to be held?.....
- 1617. How are the subordinate branches represented in the supreme or governing body? .....
- 1718. What is the basis of representation in the governing body? .....
- 1819.1 How often are regular meetings of the governing body held? .....
- 1819.2 When was the last regular meeting of the governing body held? \_\_\_\_\_
- 1819.3 When and where will the next regular or special meeting of the governing body be held? .....
- 1819.4 How many members of the governing body attended the last regular meeting? \_\_\_\_\_
- 1819.5 How many of the same were delegates of the subordinate branches? \_\_\_\_\_
- 1920. How are the expenses of the governing body defrayed? .....
- 2021. When and by whom are the officers and directors elected?.....
- .....
- 2122. What are the qualifications for membership?.....
- 2223. What are the limiting ages for admission? .....
- 2324. What is the minimum and maximum insurance that may be issued on any one life? .....
- 2425. Is a medical examination required before issuing a benefit certificate to applicants? Yes [ ] No [ ]
- 2526. Are applicants admitted to membership without filing an application with and becoming a member of a local branch by ballot and initiation? Yes [ ] No [ ]
- 2627.1 Are notices of the payments required sent to the members? Yes [ ] No [ ] N/A [ ]
- 2627.2 If yes, do the notices state the purpose for which the money is to be used? Yes [ ] No [ ]
- 2728. What proportion of first and subsequent year's payments may be used for management expenses?  

2728.11 First Year \_\_\_\_\_ %  
2728.12 Subsequent Years \_\_\_\_\_ %
- 2829.1 Is any part of the mortuary, disability, emergency or reserve fund, or the accretions from or payments for the same, used for expenses? Yes [ ] No [ ]
- 2829.2 If so, what amount and for what purpose? .....
- 2930.1 Does the reporting entity pay an old age disability benefit? Yes [ ] No [ ]
- 2930.2 If yes, at what age does the benefit commence? \_\_\_\_\_
- 3031.1 Has the constitution or have the laws of the reporting entity been amended during the year? Yes [ ] No [ ]
- 3031.2 If yes, when? .....
- 3132. Have you filed with this Department all forms of benefit certificates issued, a copy of the constitution and all of the laws, rules and regulations in force at the present time? Yes [ ] No [ ]
- 3233.1 State whether all or a portion of the regular insurance contributions were waived during the current year under premium-paying certificates on account of meeting attained age or membership requirements. Yes [ ] No [ ]
- 3233.2 If so, was an additional reserve included in Exhibit 5? Yes [ ] No [ ] N/A [ ]
- 3233.3 If yes, explain.....
- 3334.1 Has the reporting entity reinsured, amalgamated with, or absorbed any company, order, society, or association during the year? Yes [ ] No [ ]
- 3334.2 If yes, was there any contract agreement, or understanding, written or oral, expressed or implied, by means of which any officer, director, trustee, or any other person, or firm, corporation, society or association, received or is to receive any fee, commission, emolument, or compensation of any nature whatsoever in connection with, on an account of such reinsurance, amalgamation, absorption, or transfer of membership or funds? Yes [ ] No [ ] N/A [ ]
- 3435. Has any present or former officer, director, trustee, incorporator, or any other persons, or any firm, corporation, society or association, any claims of any nature whatsoever against this reporting entity, which is not included in the liabilities on Page 3 of this statement? Yes [ ] No [ ]
- 3536.1 Does the reporting entity have outstanding assessments in the form of liens against policy benefits that have increased surplus? Yes [ ] No [ ]
- 3536.2 If yes, what is the date of the original lien and the total outstanding balance of liens that remain in surplus?

Date	Outstanding Lien Amount
	\$
	\$
	\$