

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p align="right"><b>DATE:</b> <u>10/13/2023</u></p> <p><b>CONTACT PERSON:</b> <u>Ryan Fleming (Vice Chair American Academy of Actuaries &amp; Dale Bruggeman (Chair SAPWG))</u></p> <p><b>TELEPHONE:</b> <u>Ryan (414) 665-5020</u></p> <p><b>EMAIL ADDRESS:</b> <u>ryanfleming@northwesternmutual.com</u></p> <p><b>ON BEHALF OF:</b> <u>Joint submission by (i) AAA C-2 Mortality Working Group and (ii) Statutory Accounting Principles Working Group</u></p> <p><b>NAME:</b> <u>Ryan Fleming (Vice Chair American Academy of Actuaries and Dale Bruggeman (Chair SAPWG))</u></p>	<p align="center"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # <u>2023-15BWG</u></p> <p>Year <u>2024</u></p> <p>Changes to Existing Reporting [ ]</p> <p>New Reporting Requirement [ X ]</p> <hr/> <p align="center"><b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact [ X ]</p> <p>Modifies Required Disclosure [ ]</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [ No ]</p> <p><i>***If Yes, complete question below***</i></p> <hr/> <p align="center"><b>DISPOSITION</b></p> <p>[ ] Rejected For Public Comment</p> <p>[ ] Referred To Another NAIC Group</p> <p>[ X ] Received For Public Comment</p> <p>[ ] Adopted Date _____</p> <p>[ ] Rejected Date _____</p> <p>[ ] Deferred Date _____</p> <p>[ ] 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 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 2024

**IDENTIFICATION OF ITEM(S) TO CHANGE**

Add a new General Interrogatory to provide needed information for completing the C-2 mortality risk in the Life Risk-Based Capital (RBC).

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

The new General Interrogatory will provide net amounts at risk in some of the categories used in the Life/Fraternal RBC C-2 mortality risk. The amounts for the reporting categories used are not available elsewhere in the annual statement. The addition will allow for direct pulls of information between the annual statement and the RBC formula. All subsequent interrogatories within General Interrogatories – Part 2 will be renumbered.

**\*\*\*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.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

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

Life and Accident Health Companies/Fraternal Benefit Societies:



8. Disclose information for completing the C-2 mortality risk in the Life Risk-Based Capital (RBC). This disclosure provides information by certain product characteristics not found elsewhere in the Life/Fraternal Annual Statement but used in the Life/Fraternal Risk-Based Capital (RBC). The amounts are used to calculate the net (direct plus assumed minus ceded) amount at risk for life insurance by product characteristics for the RBC C-2 risk.

NOTE: Life/Fraternal entities are not required to complete this general interrogatory if they are not required to generate an RBC because of certain state statutes.

Definitions for the lines of business can be found in the Appendix of the Life, Accident and Health Annual Statement Instructions.

Pricing flexibility is defined as the ability to materially adjust rates on inforce contracts through changing premiums and/or non-guaranteed elements as of the valuation date and withing the next five policy years and reflecting typical business practices.

Modified coinsurance life reserves are the portion of modified coinsurance life reserves which relates to policy reserves that, if written on a direct basis, would be included in Exhibit 5.

In force amounts originate in the Exhibit of Life Insurance but need to be reported by the individual policy characteristic. Life reserves are part of Exhibit 5 reporting in the General Account statement and/or Exhibit 3 in the Separate Accounts statement. Modified coinsurance assumed is included in Schedule S, Part 1, Section 1, Column 12, while modified coinsurance ceded is included in Schedule S, Part 3, Section 1, Column 14.

*\*\*\*Note: This new interrogatory will be inserted as interrogatory #8 as it applies to both Life and Fraternal companies. The remaining interrogatories will need to be renumbered\*\*\**

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL

GENERAL INTERROGATORIES

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

Life, Accident and Health Companies/Fraternal Benefit Societies:



Detail Eliminated To Conserve Space



8. Provide the current-year amounts at risk for the following categories.

<u>Individual and Industrial Life</u>		<u>Amount at Risk</u>
8.01	Modified Coinsurance Assumed Reserves	\$ _____
8.02	Modified Coinsurance Ceded Reserves	\$ _____
<u>Individual and Industrial Life Policies With Pricing Flexibility</u>		<u>Amount of Risk</u>
8.03	Net Amount (Direct + Assumed – Ceded) in Force	\$ _____
8.04	Exhibit 5 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.05	Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.06	Net Modified Coinsurance Reserves (Assumed – Ceded)	\$ _____
8.07	Life Reserves (8.04 + 8.05 + 8.06)	\$ _____
8.08	Life Net Amount at Risk (8.03 – 8.07)	\$ _____
<u>Individual and Industrial Life Policies Without Pricing Flexibility</u>		<u>Amount of Risk</u>
8.09	Net Amount (Direct + Assumed – Ceded) in Force	\$ _____
8.10	Exhibit 5 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.11	Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.12	Net Modified Coinsurance Reserves (Assumed – Ceded)	\$ _____
8.13	Life Reserves (8.10 + 8.11 + 8.12)	\$ _____
8.14	Life Net Amount at Risk (8.09 – 8.13)	\$ _____
<u>Group and Credit Life (Excluding FEGLI/SGLI)</u>		<u>Amount at Risk</u>
8.15	Modified Coinsurance Assumed Reserves	\$ _____
8.16	Modified Coinsurance Ceded Reserves	\$ _____
<u>Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms 36 Months and Under</u>		<u>Amount of Risk</u>
8.17	Net Amount (Direct + Assumed – Ceded) in Force	\$ _____
8.18	Exhibit 5 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.19	Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.20	Net Modified Coinsurance Reserves (Assumed – Ceded)	\$ _____
8.21	Life Reserves (8.18 + 8.19 + 8.20)	\$ _____
8.22	Life Net Amount at Risk (8.17 – 8.21)	\$ _____
<u>Group and Credit Term Life (Excluding FEGLI/SGLI) with Remaining Rate Terms Over 36 Months</u>		<u>Amount of Risk</u>
8.23	Net Amount (Direct + Assumed – Ceded) in Force	\$ _____
8.24	Exhibit 5 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.25	Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.26	Net Modified Coinsurance Reserves (Assumed – Ceded)	\$ _____
8.27	Life Reserves (8.24 + 8.25 + 8.26)	\$ _____
8.28	Life Net Amount at Risk (8.23 – 8.27)	\$ _____
<u>Group and Credit Permanent Life (Excluding FEGLI/SGLI) with Pricing Flexibility</u>		<u>Amount of Risk</u>
8.29	Net Amount (Direct + Assumed – Ceded) in Force	\$ _____
8.30	Exhibit 5 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.31	Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded)	\$ _____
8.32	Net Modified Coinsurance Reserves (Assumed – Ceded)	\$ _____
8.33	Life Reserves (8.30 + 8.31 + 8.32)	\$ _____
8.34	Life Net Amount at Risk (8.29 – 8.33)	\$ _____

\*\*\*Note: This new interrogatory will be inserted as interrogatory #8 as it applies to both Life and Fraternal companies. The remaining interrogatories will need to be renumbered\*\*\*

**INFORMATIONAL ONLY – Not part of the changes for proposal 2023-15BWG**

**NOTE: The below is NOT part of the BWG proposal but is an FYI page only showing how the annual statement information, including the new general interrogatory, would pull into LRBC Page LR025 for the C-2 mortality risk.**

Legend

Items that can be pulled directly from annual statement pages other than the new general interrogatory

Calculated fields within the RBC

Items pulled from the new general interrogatory

Annual Statement Source

	<u>Annual Statement Source</u>
<u>Individual &amp; Industrial Life</u>	
(1) Total Individual & Industrial Life Net Amount at Risk	(EOLI, Columns 2 + 4, Line 23 x 1000) – [(Exhibit 5, Columns 3 + 4, Line 0199999) + (Separate Accounts, Exhibit 3, Column 3, Line 0199999) + (Gen Interrogatory Part 2, Column 1, Line 8A1) – (Gen Interrogatory Part 2, Column 1, Line 8A2)]
(2) Total Individual & Industrial Life Policies with Pricing Flexibility Net Amount at Risk	Gen Interrogatory Part 2, Column 1, Line 8B6
(3) Total Individual & Industrial Term Life Policies without Pricing Flexibility Net Amount at Risk	Gen Interrogatory Part 2, Column 1, Line 8C6
(4) Total Individual & Industrial Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (1) – (2) – (3)
(5) Total Individual & Life Insurance	Lines (2) + (3) + (4)
<u>Group &amp; Credit Life</u>	
(6) Total Group & Credit Life (Excluding FEGLI/SGLI) Net Amount At Risk	(EOLI, Columns 6 + 9, Line 23 x 1000) – (EOLI, Columns 2 + 4, Line 43 x 1000) – (EOLI, Columns 2 + 4, Line 44 x 1000) – [(Exhibit 5, Columns 5 + 6, Line 0199999) + (Separate Accounts, Exhibit 3, Column 4, Line 0199999) + (Gen Interrogatory Part 2, Column 1, Line 8D1) – (Gen Interrogatory Part 2, Column 1, Line 8D2)]
(7) Group & Credit Term Life with Remaining Rate Terms 36 Months and Under Net Amount At Risk	(Gen Interrogatory Part 2, Column 1, Line 8E6)
(8) Group & Credit Term Life with Remaining Rate Terms Over 36 Months Net Amount At Risk	(Gen Interrogatory Part 2, Column 1, Line 8F6)
(9) Group & Credit Permanent Life with Pricing Flexibility Net Amount At Risk	(Gen Interrogatory Part 2, Column 1, Line 8G6)
(10) Group & Credit Permanent Life without Pricing Flexibility Net Amount At Risk	Lines (6) – (7) – (8) – (9)
(11) FEGLI/SGLI Life Insurance in Force	EOLI, Columns 2 + 4, Lines 43 + 44 x 1000
(12) Total Group & Credit Life	Lines (7) + (8) + (9) + (10) + (11)
(13) Total Life	Lines (5) + (12)