NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

| DATE: | 10/13/2023 |
| CONTACT PERSON: | Ryan Fleming (Vice Chair American Academy of Actuaries & Dale Bruggeman (Chair SAPWG)) |
| TELEPHONE: | Ryan (414) 665-5020 |
| EMAIL ADDRESS: | ryanfleming@northwesternmutual.com |
| ON BEHALF OF: | Joint submission by (i) AAA C-2 Mortality Working Group and (ii) Statutory Accounting Principles Working Group |
| NAME: | Ryan Fleming (Vice Chair American Academy of Actuaries and Dale Bruggeman (Chair SAPWG)) |

**FOR NAIC USE ONLY**
Agenda Item # 2023-15BWG MOD
Year 2024

Changes to Existing Reporting  [ ]
New Reporting Requirement  [ X ]

REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
No Impact  [ X ]
Modifies Required Disclosure  [ ]

Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement?  [ No ]
***If Yes, complete question below***

**DISPOSITION**
[ ] Rejected For Public Comment
[ ] Referred To Another NAIC Group
[ ] Received For Public Comment
[ X ] Adopted Date 02/21/2024
[ ] Rejected Date
[ ] Deferred Date
[ ] Other (Specify)

**BLANK(S) TO WHICH PROPOSAL APPLIES**

| [ X ] | ANNUAL STATEMENT |
| [ ] | QUARTERLY STATEMENT |
| [ X ] | LIFE, ACCIDENT & HEALTH/Fraternal |
| [ ] | PROPERTY/CASUALTY |
| [ ] | HEALTH |

| [ X ] | INSTRUCTIONS |
| [ ] | BLANK |
| [ ] | SEPARATE ACCOUNTS |
| [ ] | PROTECTED CELL |
| [ ] | HEALTH (LIFE SUPPLEMENT) |

| [ X ] | CROSSCHECKS |
| [ ] | TITLE |
| [ ] | OTHER |

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.

Revised 11/17/2022

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.01</td>
<td>Modified Coinsurance Assumed Reserves $</td>
</tr>
<tr>
<td>8.02</td>
<td>Modified Coinsurance Ceded Reserves $</td>
</tr>
</tbody>
</table>

**Individual and Industrial Life Policies With Pricing Flexibility**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.03</td>
<td>Net Amount (Direct + Assumed – Ceded) in Force $</td>
</tr>
<tr>
<td>8.04</td>
<td>Exhibit 5 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.05</td>
<td>Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.06</td>
<td>Net Modified Coinsurance Reserves (Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.07</td>
<td>Life Reserves (8.04 + 8.05 + 8.06) $</td>
</tr>
<tr>
<td>8.08</td>
<td>Life Net Amount at Risk (8.03 – 8.07) $</td>
</tr>
</tbody>
</table>

**Individual and Industrial Term Life Policies Without Pricing Flexibility**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.09</td>
<td>Net Amount (Direct + Assumed – Ceded) in Force $</td>
</tr>
<tr>
<td>8.10</td>
<td>Exhibit 5 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.11</td>
<td>Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.12</td>
<td>Net Modified Coinsurance Reserves (Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.13</td>
<td>Life Reserves (8.10 + 8.11 + 8.12) $</td>
</tr>
<tr>
<td>8.14</td>
<td>Life Net Amount at Risk (8.09 – 8.13) $</td>
</tr>
</tbody>
</table>

**Group and Credit Life (Excluding FEGLI/SGLI)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.15</td>
<td>Modified Coinsurance Assumed Reserves $</td>
</tr>
<tr>
<td>8.16</td>
<td>Modified Coinsurance Ceded Reserves $</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.17</td>
<td>Net Amount (Direct + Assumed – Ceded) in Force $</td>
</tr>
<tr>
<td>8.18</td>
<td>Exhibit 5 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.19</td>
<td>Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.20</td>
<td>Net Modified Coinsurance Reserves (Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.21</td>
<td>Life Reserves (8.18 + 8.19 + 8.20) $</td>
</tr>
<tr>
<td>8.22</td>
<td>Life Net Amount at Risk (8.17 – 8.21) $</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.23</td>
<td>Net Amount (Direct + Assumed – Ceded) in Force $</td>
</tr>
<tr>
<td>8.24</td>
<td>Exhibit 5 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.25</td>
<td>Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.26</td>
<td>Net Modified Coinsurance Reserves (Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.27</td>
<td>Life Reserves (8.24 + 8.25 + 8.26) $</td>
</tr>
<tr>
<td>8.28</td>
<td>Life Net Amount at Risk (8.23 – 8.27) $</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount at Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.29</td>
<td>Net Amount (Direct + Assumed – Ceded) in Force $</td>
</tr>
<tr>
<td>8.30</td>
<td>Exhibit 5 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.31</td>
<td>Separate Account Exhibit 3 Life Reserves (Direct + Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.32</td>
<td>Net Modified Coinsurance Reserves (Assumed – Ceded) $</td>
</tr>
<tr>
<td>8.33</td>
<td>Life Reserves (8.30 + 8.31 + 8.32) $</td>
</tr>
<tr>
<td>8.34</td>
<td>Life Net Amount at Risk (8.29 – 8.33) $</td>
</tr>
</tbody>
</table>

***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.

<table>
<thead>
<tr>
<th>Legend</th>
<th>Annual Statement Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="green.png" alt="Green" /> Items that can be pulled directly from annual statement pages other than the new general interrogatory</td>
<td><img src="green.png" alt="Green" /> (EOLI, Columns 2 + 4, Line 23 x 1000) – <img src="green.png" alt="Green" /> (Exhibit 5, Columns 3 + 4, Line 0199999) + <img src="green.png" alt="Green" /> (Separate Accounts, Exhibit 3, Column 3, Line 0199999) + <img src="green.png" alt="Green" /> (Gen Interrogatory Part 2, Column 1, Line 8A1) – <img src="green.png" alt="Green" /> (Gen Interrogatory Part 2, Column 1, Line 8A2)]</td>
</tr>
<tr>
<td><img src="blue.png" alt="Blue" /> Calculated fields within the RBC</td>
<td><img src="blue.png" alt="Blue" /> Gen Interrogatory Part 2, Column 1, Line 8B6</td>
</tr>
<tr>
<td><img src="yellow.png" alt="Yellow" /> Items pulled from the new general interrogatory</td>
<td><img src="yellow.png" alt="Yellow" /> Gen Interrogatory Part 2, Column 1, Line 8C6</td>
</tr>
</tbody>
</table>

|                                                                 |                                                                                      |
| Individual & Industrial Life |                                                                                      |
| (1) Total Individual & Industrial Life Net Amount at Risk          | ![Green](green.png) (EOLI, Columns 2 + 4, Line 23 x 1000) – ![Green](green.png) (Exhibit 5, Columns 3 + 4, Line 0199999) + ![Green](green.png) (Separate Accounts, Exhibit 3, Column 3, Line 0199999) + ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8A1) – ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8A2)] |
| (2) Total Individual & Industrial Life Policies with Pricing Flexibility Net Amount at Risk | ![Blue](blue.png) Gen Interrogatory Part 2, Column 1, Line 8B6                         |
| (3) Total Individual & Industrial Term Life Policies without Pricing Flexibility Net Amount at Risk | ![Blue](blue.png) Gen Interrogatory Part 2, Column 1, Line 8C6                         |
| (4) Total Individual & Industrial Permanent Life Policies without Pricing Flexibility Net Amount at Risk | ![Green](green.png) Lines (1) – (2) – (3)                                             |
| (5) Total Individual & Life Insurance                              | ![Green](green.png) Lines (2) + (3) + (4)                                             |

|                                                                 |                                                                                      |
| Group & Credit Life                                               |                                                                                      |
| (6) Total Group & Credit Life (Excluding FEGLI/SGLI) Net Amount At Risk | ![Green](green.png) (EOLI, Columns 6 + 9, Line 23 x 1000) – ![Green](green.png) (EOLI, Columns 2 + 4, Line 43 x 1000) – ![Green](green.png) (EOLI, Columns 2 + 4, Line 44 x 1000) – ![Green](green.png) [(Exhibit 5, Columns 5 + 6, Line 0199999) + ![Green](green.png) (Separate Accounts, Exhibit 3, Column 4, Line 0199999) + ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8D1) – ![Green](green.png) (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 | ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8E6)                    |
| (8) Group & Credit Term Life with Remaining Rate Terms Over 36 Months Net Amount At Risk          | ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8F6)                    |
| (9) Group & Credit Permanent Life with Pricing Flexibility Net Amount At Risk                       | ![Green](green.png) (Gen Interrogatory Part 2, Column 1, Line 8G6)                    |
| (10) Group & Credit Permanent Life without Pricing Flexibility Net Amount At Risk                  | ![Green](green.png) Lines (6) – (7) – (8) – (9)                                       |
| (11) FEGLI/SGLI Life Insurance in Force                                                                     | ![Green](green.png) EOLI, Columns 2 + 4, Lines 43 + 44 x 1000                        |
| (12) Total Group & Credit Life                                                                                | ![Green](green.png) Lines (7) + (8) + (9) + (10) + (11)                              |
| (13) Total Life                                                                                                | ![Green](green.png) Lines (5) + (12)                                                 |