



TO: Carrie Mears, Chair, Valuation of Securities (E) Task Force
Members of the Valuation of Securities (E) Task Force

FROM: Charles A. Therriault, Director, NAIC Securities Valuation Office (SVO)
Marc Perlman, Managing Investment Counsel, NAIC Securities Valuation Office (SVO)
Eric Kolchinsky, Director, NAIC Structured Securities Group (SSG) and Capital Markets Bureau

RE: Amendment to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (the "P&P Manual") to Update U.S. Government Agency and Other U.S. Government Obligation Abbreviations

DATE: February 16, 2024

Summary: In conjunction with the implementation of the principles-based bond definition, there were related modifications made to Schedule D, Part 1 of the Annual Statements. The SVO has identified abbreviations for various U.S. government or Other U.S. government entities that will need to be shortened given space limitations and need to eliminate conflicting abbreviations (e.g. "VA" for both Virginia and U.S. Department for Veterans Affairs) for insurance company statement blanks reporting purposes beginning 1/1/2025. As noted in the changes to the annual statement instructions adopted by the Blanks (E) Working Group on Nov. 17, 2023, for Column 24 - Agency, Sovereign Jurisdiction or State Abbreviation, "*For items captured as U.S. government or Other U.S. government, report "US" for treasury-issued items and for non-treasury items, report the abbreviation for the agency issuer captured within these categories. (Agency abbreviations are detailed in the Purposes and Procedures Manual of the NAIC Investment Analysis Office in the listing of agencies approved for these categories.)*"

Recommendation: The SVO recommends adoption of this proposed technical amendment to comply with field size limitations on insurance company statement blanks in advance of the 1/1/2025 implementation of the new statement blanks. The proposed text changes to the P&P Manual are shown below with additions in red underline, and deletions in ~~red strikethrough~~ as it would appear in the 2024 P&P Manual format.

PART ONE
POLICIES OF THE NAIC VALUATION OF SECURITIES (E) TASK FORCE

FILING EXEMPTIONS

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FILING EXEMPTION FOR U.S. GOVERNMENT SECURITIES

Definitions

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78. **U.S. Government Agency** – An instrumentality of the U.S. Government the debt Obligations of which are fully guaranteed or insured as to the timely payment of principal and interest by the full faith and credit of the U.S. Government. This category includes in addition to direct claims on, and the portions of claims that are directly and unconditionally guaranteed by, the U.S. Government agencies listed below, claims collateralized by securities issued or guaranteed by the U.S. Government agencies listed below for which a positive margin of collateral is maintained on a daily basis, fully taking into account any change in the insurance company’s exposure to the obligor or counterparty under a claim in relation to the market value of the collateral held in support of that claim.

U.S. Government Full Faith and Credit – Filing Exempt

Army and Air Force Exchange Service (AAFES)
 Commodity Credit Corporation (CCC)
 Export–Import Bank of the United States (EXIM **Bank**)
 Farmers Home Administration (FmHA) – Certificates of Beneficial Ownership
 Federal Deposit Insurance Corporation (FDIC)
 Federal Housing Administration (FHA)
 General Services Administration (GSA)
 Government National Mortgage Association (GNMA)
 National Credit Union Administration (NCUA)
 Overseas Private Investment Corp (OPIC)
 Small Business Administration (SBA)

U.S. Agency for International Development (USAID)
 U.S. Department of Agriculture (USDA)
 U.S. Department of Health and Human Services (**USHHS**)
 U.S. Department of Housing and Urban Development (**USHUD**)
 U.S. Department of the Treasury (**UST**)
 U.S. Department of Veterans Affairs (**USVA**)
 U.S. International Development Finance Corporation (**USIDFC**)
 U.S. Maritime Administration (**MARADUSMA**)
 Washington Metropolitan Area Transit Authority (**WMTA**)

Definitions Filing Exemption for Other U.S. Government Obligations

79. Obligations issued and either guaranteed or insured, as to the timely payment of principal and interest, by the government agencies or government-sponsored enterprises listed below are filing exempt. They are not backed by the full faith and credit of the U.S. Government. The filing exemption here is based on an analytical judgment that the combined creditworthiness of the entity itself and U.S. government support for that entity provides confidence that the issuer will be able to pay its obligation on a full and timely basis at the level of an **NAIC 1** quality designation and an NAIC Designation Category of **NAIC 1.A**. For the avoidance of doubt, preferred stock or similar securities of the government agencies or government-sponsored enterprises listed below are not considered guaranteed or insured and hence are not subject of this section.

<p>Filing Exempt Other U.S. Government Obligations if issued and either fully guaranteed or insured by:</p>
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<p>Federal Agricultural Mortgage Corporation (Farmer Mae<u>FAMC</u>) Federal Farm Credit Banks (FFCB) Federal Financing Bank (FFB) Federal Home Loan Banks (FHLB) Federal Home Loan Mortgage Corporation (Freddie Mae<u>FHLMC</u>) Federal National Mortgage Association (Fannie Mae<u>FNMA</u>) Financing Corporation (FICO) Resolution Funding Corporation (REFCorp<u>RFCorp</u>) Tennessee Valley Authority (TVA)</p>
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<https://naiconline.sharepoint.com/teams/SVOVOSTaskForce/Shared Documents/Meetings/2024/2024-05-02 VOSTF Interim Meeting/01-Blanks abbreviations/2024-002.01 P&P Manual US Government Abbreviations.docx>