

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

	<b>FOR NAIC USE ONLY</b>
<p align="right">DATE: <u>1/10/24</u></p> <p><b>CONTACT PERSON:</b> <u>Scott O'Neal</u></p> <p><b>TELEPHONE:</b> <u>816 783 8814</u></p> <p><b>EMAIL ADDRESS:</b> <u>soneal@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>Rachel Hemphill, Chair, LATF</u></p> <p><b>NAME:</b> <u>Scott O'Neal</u></p> <p><b>TITLE:</b> <u>Life Examination Actuary</u></p> <p><b>AFFILIATION:</b> <u>NAIC</u></p> <p><b>ADDRESS:</b> <u>1100 Walnut St, Suite 1500</u> <u>Kansas City, MO 64106</u></p>	<p>Agenda Item # <u>2024-04BWG</u></p> <p>Year <u>2024</u></p> <p>Changes to Existing Reporting <input checked="" type="checkbox"/> [ X ]</p> <p>New Reporting Requirement <input type="checkbox"/> [ ]</p> <hr/> <p align="center"><b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b></p> <p>No Impact <input checked="" type="checkbox"/> [ X ]</p> <p>Modifies Required Disclosure <input type="checkbox"/> [ ]</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? <input type="checkbox"/> [ NO ]</p> <p><i>***If Yes, complete question below***</i></p> <hr/> <p align="center"><b>DISPOSITION</b></p> <p><input type="checkbox"/> [ ] Rejected For Public Comment</p> <p><input type="checkbox"/> [ ] Referred To Another NAIC Group</p> <p><input checked="" type="checkbox"/> [ X ] Received For Public Comment</p> <p><input type="checkbox"/> [ ] Adopted Date _____</p> <p><input type="checkbox"/> [ ] Rejected Date _____</p> <p><input type="checkbox"/> [ ] Deferred Date _____</p> <p><input type="checkbox"/> [ ] Other (Specify) _____</p>

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

- |   |   |   |
|---|---|---|
| <input checked="" type="checkbox"/> [ X ] ANNUAL STATEMENT                  | <input type="checkbox"/> [ ] INSTRUCTIONS                   | <input type="checkbox"/> [ ] CROSSCHECKS              |
| <input type="checkbox"/> [ ] QUARTERLY STATEMENT                            | <input type="checkbox"/> [ ] BLANK                          |   |
| <input checked="" type="checkbox"/> [ X ] Life, Accident & Health/Fraternal | <input checked="" type="checkbox"/> [ X ] 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)       | <input type="checkbox"/> [ ] Life (Health Supplement) |

Anticipated Effective Date: 2024 Annual

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

Add clarifying language to VM-20 supplement to include separate accounts where applicable.

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

This proposal is to address the inconsistent reporting by companies not including separate account amounts on the VM-20 supplement.

**\*\*\*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: For 2024 Annual Statement Blank Instructions

Other Comments:

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

## ***ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL***

### **VM-20 RESERVES SUPPLEMENT**

#### **Life Insurance Reserves Valued According to VM-20 by Product Type**

This Supplement provides information on the reserves required to be calculated by Section VM-20 of the *Valuation Manual*. This includes the Net Premium Reserve and, as applicable, the Deterministic Reserve and the Stochastic Reserve. Only business issued on or after Jan. 1, 2017, valued by the requirements of VM-20 should be reported in Part 1A and Part 1B. Part 1A and Part 1B are intended to aid regulators in the analysis of reserves as determined under Section VM-20 of the *Valuation Manual* for both the prior and current year.

This Supplement also provides information regarding business where VM-20 of the *Valuation Manual* is not required to be applied. Companies exempted from the requirements of Section VM-20 are not required to complete Part 1A or Part 1B of this Supplement but must complete Part 2 or Part 3 as applicable.

### **VM-20 RESERVES SUPPLEMENT – PART 1A**

#### **Life Insurance Reserves Valued According to VM-20 by Product Type**

Part 1A of this Supplement breaks out, by product type, the prior year and current year reported reserves on a Post-Reinsurance-Ceded and Pre-Reinsurance-Ceded basis as defined in Section 8.D of Section VM-20 of the *Valuation Manual*. The Due and Deferred Premium Asset for the current year is also shown.

Section VM-20 of the *Valuation Manual* requires that the Post-Reinsurance-Ceded Reserve be determined by three VM-20 Reserving Categories: Term Insurance, Universal Life with Secondary Guarantees (ULSG) and all other. Term Insurance should be reported on line 1.1. ULSG, including Variable Universal Life with a secondary guarantee, Indexed life insurance with a secondary guarantee, regular Universal Life with a secondary guarantee, and ULSG policies with a non-material secondary guarantee as defined in Section VM-01 of the *Valuation Manual*, should be reported on line 1.2. Each of the other products reported in lines 1.3 – 1.8 should be determined as the sum of the policy reserves using the policy reserves determined following the allocation process of VM-20 Section 2. A similar process should be used for each of the pre-reinsurance-ceded reserves. Both Post-Reinsurance-Ceded Reserves and Pre-Reinsurance-Ceded Reserves, as defined in VM-20, include separate account amounts where applicable to the policies in scope.