

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<p align="right">DATE: <u>03/01/2024</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>2024-07BWG</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> <p align="center"><b>DISPOSITION</b></p> <p>[ ] Rejected For Public Comment</p> <p>[ ] Referred To Another NAIC Group</p> <p>[ ] Received For Public Comment</p> <p>[ X ] Adopted Date <u>05/23/2024</u></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 type="checkbox"/> INSTRUCTIONS                 | <input type="checkbox"/> CROSSCHECKS              |
| <input type="checkbox"/> QUARTERLY STATEMENT                          | <input type="checkbox"/> BLANK                        |   |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input checked="" 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**

Update the illustration under Note 5S(A) – Investments for Net Negative (Disallowed) Interest Maintenance Reserve (IMR) to add separate account breakout. Add a new general interrogatory for a company attestation for separate accounts. *(This goes with adopted Blanks Working Group proposal 2023-13BWG)*

**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.

**ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE**

**NOTES TO FINANCIAL STATEMENTS**

**5. Investments**

Illustration:



**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)

(1) Net negative (disallowed) IMR

Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
\$ .....	\$ .....	\$ .....	\$ .....

(2) Negative (disallowed) IMR admitted

Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
\$ .....	\$ .....	\$ .....	\$ .....

(3) Calculated adjusted capital and surplus

	Total
Prior Period General Account Capital & Surplus	\$ .....
From Prior Period SAP Financials	
Net Positive Goodwill (admitted)	\$ .....
EDP Equipment & Operating System Software (admitted)	\$ .....
Net DTAs (admitted)	\$ .....
Net Negative (disallowed) IMR (admitted)	\$ .....
Adjusted Capital & Surplus	\$ .....

(4) Percentage of adjusted capital and surplus

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

(5) Allocated gains/losses to IMR from derivatives

a. General Account

	Gains	Losses
Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Prior Period	\$ .....	\$ .....
Fair Value Derivative Gains & Losses Realized to IMR – Added in Current Period	\$ .....	\$ .....

Fair Value Derivative Gains & Losses Amortized Over Current Period	\$ .....	\$ .....
Unamortized Fair Value Derivative Gains & Losses Realized to IMR – Current Period Total	\$ .....	\$ .....

b. Separate Account - Insulated

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

c. Separate Account – Non-Insulated

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

**ANNUAL STATEMENT BLANK – SEPARATE ACCOUNTS**

**GENERAL INTERROGATORIES**



**Detail Eliminated To Conserve Space**

**Reporting Differences Between GAAP and SAP Financial Statements (This disclosure is applicable to all reporting entities regardless if they file GAAP financial statements)**

- 8.1 Does the reporting entity file GAAP financial statements? Yes  No
- 8.2 In accordance with the different separate account reporting requirements between GAAP (SOP 03-1) and statutory accounting, does the reporting entity have products that are classified within the separate account that were, or would have been if GAAP financial statements had been completed, required to be reported within the general account under GAAP financials? Pursuant to SOP 03-1, all of the following conditions must be met to receive separate account reporting classification under GAAP: Yes  No  N/A
- a. Legal Recognition - The separate account is legally recognized. That is, the separate account is established, approved, and regulated under special rules such as state insurance laws, federal securities laws, or similar foreign laws.
  - b. Legally Insulated - The separate account assets supporting the contract liabilities are legally insulated from the general account liabilities of the insurance enterprise (that is, the contract holder is not subject to insurer default risk to the extent of the assets held in the separate account).
  - c. Investment Directive - The reporting entity must, as a result of contractual, statutory, or regulatory requirements, invest the contract holder’s funds within the separate account as directed by the contract holder in designated investment alternatives or in accordance with specific investment objectives or policies.
  - d. Investment Performance - All investment performance, net of contract fees and assessments, must as a result of contractual, statutory, or regulatory requirements be passed through to the individual contract holder. Contracts may specify conditions under which there may be a minimum guarantee, but not a ceiling, as a ceiling would prohibit all investment performance from being passed through to the contract holder
- 8.3 Identify all separate account products and identify whether each product was classified within a separate account for GAAP reporting purposes. (For non-GAAP filers, this disclosure should reflect whether the GAAP classification would have been the same if GAAP financials had been completed.) For products that were (or would have been) reported differently, identify which SOP 03-1 condition prevented separate account GAAP classification for that particular product.

1	2
Product Identifier	Same as GAAP / Condition that Requires GAAP General Account Reporting

**Interest Maintenance Reserve (IMR)**

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 derivate 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