

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: <u>3/20/2025</u>		FOR NAIC USE ONLY	
CONTACT PERSON:	_____	Agenda Item # <u>2025-11BWG</u>	
TELEPHONE:	_____	Year <u>2025</u>	
EMAIL ADDRESS:	_____	Changes to Existing Reporting <input checked="" type="checkbox"/> [X]	
ON BEHALF OF:	_____	New Reporting Requirement <input type="checkbox"/> []	
NAME:	<u>Dale Bruggeman</u>	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT	
TITLE:	<u>Chair SAPWG</u>	No Impact <input checked="" type="checkbox"/> [X]	
AFFILIATION:	<u>Ohio Department of Insurance</u>	Modifies Required Disclosure <input type="checkbox"/> []	
ADDRESS:	<u>50W. Town St., 3rd Fl., Ste. 300</u>	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? <input type="checkbox"/> [No]	
	<u>Columbus, OH 43215</u>	***If Yes, complete question below***	
		DISPOSITION	
		<input type="checkbox"/> [] Rejected For Public Comment	
		<input type="checkbox"/> [] Referred To Another NAIC Group	
		<input type="checkbox"/> [] Received For Public Comment	
		<input checked="" type="checkbox"/> [X] Adopted Date <u>5/29/2025</u>	
		<input type="checkbox"/> [] Rejected Date _____	
		<input type="checkbox"/> [] Deferred Date _____	
		<input type="checkbox"/> [] Other (Specify) _____	

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 checked="" type="checkbox"/> [X] Title |
| <input checked="" type="checkbox"/> [X] Property/Casualty | <input type="checkbox"/> [] Protected Cell | <input type="checkbox"/> [] Other _____ |
| <input checked="" type="checkbox"/> [X] Health | <input type="checkbox"/> [] Health (Life Supplement) | <input type="checkbox"/> [] Life (Health Supplement) |

Anticipated Effective Date: Annual 2025

IDENTIFICATION OF ITEM(S) TO CHANGE

Remove the capital structure code reporting column on Schedule D, Part 1, Sections 1 and 2.

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

This proposal is removing the capital structure code column because there have been many questions on how to allocate investments to the established codes and inconsistent allocation of codes across companies to similar investments. This code was originally established for SVO use, but this information for investments is not utilized from the Schedule D reporting and obtained from the SVO through other data sources. Due to variations in reporting, data obtained from the Schedule D company-reporting may be misleading. (SAPWG Ref #2025-04)

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:

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

SCHEDULE D – PART 1- SECTION 1

LONG-TERM BONDS – ISSUER CREDIT OBLIGATIONS OWNED DECEMBER 31 OF CURRENT YEAR



Detail Eliminated To Conserve Space



Column 36 ~~Capital Structure Code~~ **Note – after adoption it was brought to NAIC staff attention that the column deleted should have referenced Column 37. Nothing has changed with the adoption. The proposal just needed the correct column reference.*

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA) and Federal Home Loan Mortgage Corporation securities (FHLMC) generally are senior debt, though there are examples of subordinated debt issued by FNMA and FHLMC. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of “Other” should rarely be used.

Capital structure includes securities subject to SSAP No. 26 – Bonds.

1. Senior Secured Debt

Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for asset-backed securities, this would include mezzanine tranches).

(Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

Securities where the capital structure 1 through 3 above do not apply (e.g., Line 0149999999 SVO Identified Bond Exchange Traded Funds – Fair Value and Line 0159999999 SVO Identified Bond Exchange Traded Funds – Systematic Value).

SCHEDULE D – PART 1 – SECTION 2

ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR

Detail Eliminated To Conserve Space

Column 38 — Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:

Capital structure is sometimes referred to as rank or payment priority and can be found in feeds from the sources listed in the Issue and Issuer column.

As a general rule, a security is senior unsecured debt unless legal terms of the security indicate another position in the capital structure. Securities are senior or subordinated and are secured or unsecured. Municipal bonds, Federal National Mortgage Association securities (FNMA) and Federal Home Loan Mortgage Corporation securities (FHLMC) generally are senior debt, though there are examples of subordinated debt issued by FNMA and FHLMC. 1st Lien is a type of security interest and not capital structure but could be used to determine which capital structure designation the security should be reported under. The capital structure of "Other" should rarely be used.

Capital structure includes bonds subject to SSAP No. 43—*Asset-Backed Securities*.

1. Senior Secured Debt

Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for asset-backed securities, this would include mezzanine tranches).

(Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. Not Applicable

Securities where the capital structure 1 through 3 above do not apply.

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