

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>12/10/2025</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., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u></p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2025-25BWG</u> Year <u>2026</u> Changes to Existing Reporting [X] New Reporting Requirement []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X] Modifies Required Disclosure []</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] <i>***If Yes, complete question below***</i></p> <hr/> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [X] Deferred Date <u>3/5/2026</u> [] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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|---|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" 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 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 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Update Notes to Financials Note # 2 – Accounting Changes and Corrections of Errors, by adding the reference to VM-20: Requirements for Principles Based Reserves for Life Products.

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

This proposal was prepared to update the Notes to Financials to be consistent with the updates to the Valuation Manual (VM). (SAPWG Ref #2025-34)

*****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

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

NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Changes and Corrections of Errors

Instruction:

Describe material changes in accounting principles and/or correction of errors. Include:

- A brief description of the change, encompassing a general disclosure of the reason and justification for the change or correction.
- The impact of the change or correction on net income, surplus, total assets, and total liabilities for the two years presented in the financial statements (i.e., the balance sheet and statement of income).
- The effect on net income of the current period for a change in estimate that affects several future periods, such as a change in the service lives of depreciable assets or actuarial assumptions affecting pensions costs. Disclosure of the effect on those income statement amounts is not necessary for estimates made each period in the ordinary course of accounts for items such as uncollectible accounts. However, disclosure is recommended if the effect of a change in the estimate is material.
- Changes in accounting that are changes in reserve valuation basis as described in *SSAP No. 51—Life Contracts* which have elected phase-in provided for in the Valuation Manual ~~section~~ chapters VM-20 or VM-21, shall also include in the change in accounting disclosures information regarding the application of any phase-in as provided for in *SSAP No. 51*.

Reporting entities shall provide disclosure of the following:

- ❖ The phase-in period being applied, and the remaining time period of the phase in.
 - ❖ Any adjustments to the phase-in period.
 - ❖ Amount of change in valuation basis phase-in.
 - ❖ The remaining amount to be phased-in.
- When subsequent financial statements are issued containing comparative restated results as a result of the filing of an amended financial statement, the reporting entity shall disclose that the prior period has been restated and the nature and amount of such restatement.

Illustration:

During the current year's financial statement preparation, the Company discovered an error in the compiling and reporting of investment income from an affiliate for the prior year. In the prior year, common stocks (Assets Page, Line ____) and investment income earned from affiliates (included in Statement of Revenue and Expenses, Line ____) were understated by \$ _____. Line ____ on the Assets Page and Line ____ on the Gains and Losses section of the Statement of Revenue and Expenses have been adjusted in the current year to correct for this error.

In 2020, the Company, with Commissioner approval elected a phase-in period of ~~three~~ seven years of a change in reserve valuation basis as described in *SSAP No. 51—Life Contracts* for its variable annuity reserves. This change in valuation basis, which impacts annuities reserves written from 1981 to 2019 is permitted under the revisions to the Commissioners Annuity Reserve Valuation Method (CARVM) adopted in *Valuation Manual Requirements for Principle-Based Reserves for Variable Annuities (VM-21)*, and Actuarial Guideline 43 CARVM for variable annuities

(AG 43). There have been no adjustments to the phase-in period. The amount of phase-in, which has been recognized in unassigned funds is \$_____. The remaining amount to be phased-in is \$_____.

In 2026, the Company elected a phase-in period of three years of a change in reserve valuation basis as described in SSAP No. 51—Life Contracts for its reserves changes related to the prescribed economic scenario generator. This change in valuation basis, which impacts reserves for policies written from years XXXX to XXXX is permitted under the revisions to VM-20: Requirements for Principle-Based Reserves for Life Products and VM -21: Valuation Manual Requirements for Principle-Based Reserves for Variable Annuities (VM-21). There have been no adjustments to the phase-in period. The amount of phase-in, which has been recognized in unassigned funds is \$_____ . The remaining amount to be phased-in is \$_____ .

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