

Subsidiary, Controlled and Affiliated Entities (SCA) Filing Procedures – Filing a Sub-2 Form or an Appeal to a Sub-2 Form

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Note to filer: Per the *Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual)*, Subsidiary, Controlled and Affiliated Entities (SCAs) are required to be filed. A Sub-1 form is required to be filed within 30 days of the acquisition or formation of the investment. A Sub-2 form is required to be filed annually for any existing investment, by June 30th of the next calendar year. Prior to September 5, 2016, these filings were completed in ISIS. After September 5, 2016, they will be completed in VISION. These filing instructions help navigate filings through VISION. For additional information, please contact the individuals below.

Also see “SCA Filing Procedures – Sub-1” for instructions on how to file a Sub-1 form.

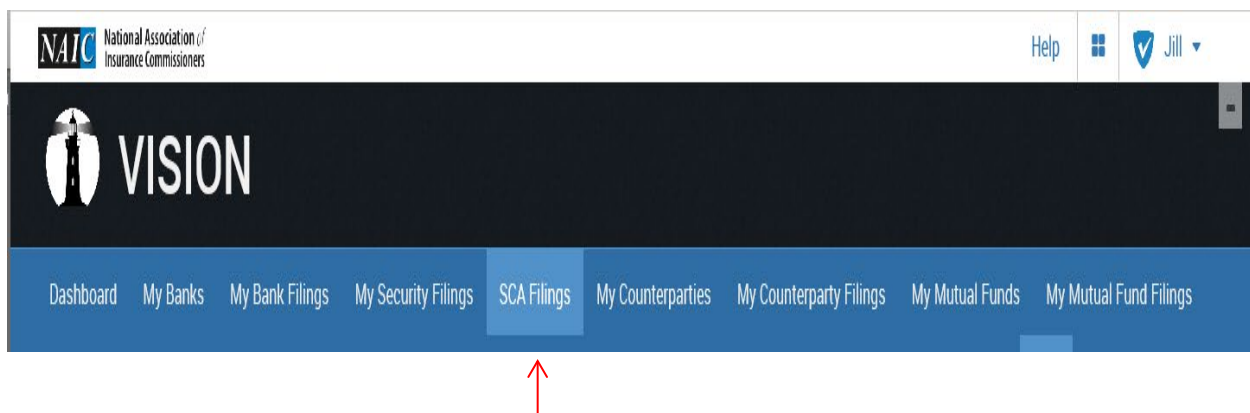
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Note: Do NOT select “Cancel” at any time during the filing process; this will discard your filing and you will have to start over!

1. Accessing VISION to File an SCA

- A. Log on to the filing website <https://vision.naic.org>.
 1. If you need a User ID and Password, contact the NAIC Help Desk at 816-783-8500 or via email at securitiessupport@naic.org. All first-time VISION users will need a User ID.
 2. Click on the “SCA Filings” tab.
 - a. The “SCA Filings” tab details all prior SCA filings and/or initiates a Sub-1 filing.



2. Filing a Sub-2 Form (Annual Update)

- A. From the “SCA Filings” screen, select the filing number of the most recent filing for the SCA you wish to file.
 1. You can sort the SCA Filings screen by any of the headers, or even search for a particular SCA.

The screenshot shows a table of SCA filings. A red arrow points down to the header row. The table has three columns: Filing Number, CUSIP, and Issuer Name. The data rows are as follows:

Filing Number	CUSIP	Issuer Name
1007405	G3154#107	CNA EUROPE HLDGS LTD
1006721	142042100	CARIBOU COFFEE INC
1006847	056345408	BACARDI CORP
1005644	530007103	LIBBY CAP PARTNERS INC
1006766	433523107	HIPPO INC

B. Selecting the filing number will bring up SCA Filing Detail.

1. Select "Initiate Sub-2."



C. Follow the filing wizard – The filing wizard automatically populates what was previously approved by the SCA analyst.

1. **Filer and SCA Tab** – This tab is used to pick the insurance reporting entity and to identify what SCA you are filing.

- a. **Select Filer** – If you file for multiple companies, choose the correct Insurance Reporting Entity.
- b. **SCA Name** – Only change this if there was a name change for the SCA company.
- c. **Financial Statement Reporting Date** – Enter the date of the audited financials.
- d. When all of the fields above have been filled in, select "Next."

Q Sub-2

A screenshot of a filing wizard interface. At the top, it says "Sub-2". Below that is a progress bar with four steps: "1. Filer and SCA", "2. Valuation Method", "3. SCA Acquisition Overview", and "4. Review". The first step is highlighted in blue and shows "20.0%". Below the progress bar are "Back" and "Next" buttons. The main content area has two sections: "Select Filer" and "Update SCA Issue Information". The "Select Filer" section has a "Filer" dropdown menu with a blacked-out selection. The "Update SCA Issue Information" section has three input fields: "Selected Issue" (blacked out), "SCA Name" (blacked out), and "Financial Statement Reporting Date" (12/31/2015).

2. **Valuation Method Tab** – This tab is used to identify what valuation method the SCA is using.
- a. **Select SCA Type** – Refer to *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* to ensure you are selecting the correct valuation method. (Depending on valuation method, other questions might be asked.)

The image shows a screenshot of a web form. At the top, there is a grey header with a dropdown arrow and the text "Select Type of SCA". Below this is a white box with the label "SCA Type *". A dropdown menu is open, showing a list of options. The first option is "Select One" in a dark blue bar. The other options are: "8(a) - Market Value", "8b(i) - US Insurance SCA Entities", "8b(ii) - Non Insurance SCA Entities Statutory Basis", "8b(iii) - Non Insurance SCA Entities GAAP Basis", and "8b(iv) - Foreign Insurance SCA Entities".

- b. Subsequent questions are tailored based on SCA Type:
- i. **8(a) – Market Value**
- (a) **Discount Percentage:** Sliding scale discount based on ownership percentage
(See Appendix C of SSAP No. 97)
- ii. **8b(i) – U.S. Insurance SCA Entities – (Must be licensed insurance entity)**
- (a) **Stock Type** – Common or preferred stock ownership
- (b) **CoCode** – NAIC company code of the SCA insurance company
- iii. **8b(ii) – Non Insurance SCA Entities Statutory Basis**
- (a) **Accounting Standard** – U.S. GAAP or Foreign basis as used in audit support
- (b) **Stock Type** – Common or preferred stock ownership
- iv. **8b(iii) – Non Insurance SCA Entities GAAP Basis**
- (a) **Accounting Standard** – U.S. GAAP or Foreign basis as used in audit support
- (b) **Stock Type** – Common or preferred stock ownership

v. **8b(iv) – Foreign Insurance SCA Entities**

(a) **Stock Type** – Common or preferred stock ownership

c. **Admitted Asset** – If asset is admitted, choose yes (both admitted and nonadmitted SCAs need to be filed).

Q Sub-2

1. Filer and SCA 2. **Valuation Method** 3. SCA Acquisition Overview 4. Review
40.0%

← Back → Next

Select Type of SCA

SCA Type *	Stock Type *	Admitted Asset *
8b(iv) - Foreign Insurance SCA En	Common Stock	Yes

3. **SCA Acquisition Overview Tab** – This tab is used to show the claimed value of the SCA.

- Total Value Claimed** – Value of SCA (include goodwill from purchase of SCA)
- Shares Owned** - Number of shares the insurance reporting entity owns
- Value Per Share** - Total value claimed divided by the number of shares owned
- Percent Outstanding Shares Owned** - Percentage of shares issued and outstanding that the insurance reporting entity owns
- Does the SCA directly or indirectly own shares of the insurance reporting entity?** This relates to reciprocal ownership (refer to SSAP No. 97 for more detail).
SCA Elimination Worksheet will be required:
http://www.naic.org/sca_subsidary_controlled_affiliated.htm
- Does the SCA directly or indirectly own shares of an upstream intermediate or ultimate parent?** This relates to reciprocal ownership (refer to SSAP No. 97 for more detail). *SCA Elimination Worksheet will be required:*
http://www.naic.org/sca_subsidary_controlled_affiliated.htm
- Is the SCA consolidated with other subsidiaries?** The Stat. Adjustment Worksheet will be required and will help tie out an SCA that has been consolidated. *Worksheet found at:* http://www.naic.org/sca_subsidary_controlled_affiliated.htm

- h. **Analyst Name / Phone Number / Email** – Name and contact information of individual who prepared the filing in case SCA reviewer has questions
- i. **Comments** – Available for additional information for reviewing the SCA

Sub-2

1. Filer and SCA 2. Valuation Method 3. **SCA Acquisition Overview** 4. Review

80.0%

← Back → Next

SCA Acquisition Overview

Total Value Claimed *	Shares Owned *	Value Per Share *	Percent Outstanding Shares Owned *
\$ 1000000	100	\$ 1000	% 100

Does the SCA directly or indirectly own shares of the insurance reporting entity? *

No

If selecting Yes, an elimination worksheet will be required.

Does the SCA directly or indirectly own shares of an upstream intermediate or ultimate parent? *

No

If selecting Yes, an elimination worksheet will be required.

Is the SCA consolidated with other subsidiaries? *

No

If selecting Yes, a Stat. Adjustment Worksheet will be required.

Analyst Name Phone Number Email

4. **Review Tab**

- a. Review all fields of the SCA to ensure they are filed correctly.

IMPORTANT NOTES:

If something is not filled out correctly, select “Back” and update!

Once selecting “Prepare SCA Filing,” you WILL NOT be able to make any changes!

***DO NOT** select cancel at any point during the filing process - This will discard your filing!*

- b. When finished reviewing, select “Prepare SCA Filing.”

Ready for submission

Please review all information prior to submitting. Once submitted you will not be able to return to the SCA filing wizard.

5. **SCA Filing Detail Tab** – This tab will show all the filing details and is where you will attach all supporting documents.

a. To attach a document:

1. Select “Edit” under Supporting Documents.
2. Select “Attachments” to choose the file you want to add.
 - If you have a document to add that is not listed, select “+ Add” and attach from there.
3. Find your document and upload. When finished uploading documents, select “Save” under Supporting Documents.

The screenshot shows a web interface for 'Supporting Documents'. At the top right, there are 'Cancel' and 'Save' buttons. Below the header, the word 'External' is displayed. A table lists several documents with columns for Description, Status, Details, and Options. The 'Options' column contains 'Attachments (0)' and a speech bubble icon. Below the table is a '+ Add' button.

Description	Status	Details	Options
**SCA Goodwill Worksheet	Required as Applicable		Attachments (0)
**SCA Elimination Worksheet	Required as Applicable		Attachments (0)
**SCA Stat. Adjustment Worksheet	Required as Applicable		Attachments (0)
**SCA Permitted and Prescribed Practices	Required as Applicable		Attachments (0)
* **SCA Prior Year Audited Financial Statements	Incomplete		Attachments (0)

b. Required Sub-2 Documents

1. SCA Prior Year Audited Financial Statements – Attach the audit for the SCA filing – Always required for Sub-2 – “*”

c. Other Required Documents

1. Required depending on answers to questions:
 - (a) SCA Goodwill Worksheet – If you chose Positive or Negative Goodwill, this would need to be included.
 - (b) SCA Elimination Worksheet – If you answered Yes to the Reciprocal Ownership questions, this would need to be included.

- (c) SCA Stat Adj. Worksheet – If you answered Yes to the Consolidated SCA question, this would need to be included.

Note: If applicable, these are required, but there will not be a “”.*

- d. Worksheets and other SCA documents can be found at http://www.naic.org/sca_subsidary_controlled_affiliated.htm

After attaching all required documents - Select “Submit” to finalize Sub-2 filing.



After Submitting – You Have Completed the Sub-2 Filing!

3. Filing an Appeal to a Sub-2 Filing

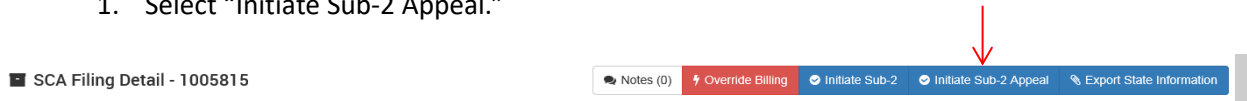
- A. From the “SCA Filings” screen, choose the filing number of the SCA for which you wish to file an appeal.

- 1. You can sort the “SCA Filings” screen by any of the headers, or even search for a particular SCA.

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- B. Selecting the “Filing Number” will bring up SCA Filing Detail.

- 1. Select “Initiate Sub-2 Appeal.”



- 2. **Analyst Name / Phone Number / Email** – Provide name and contact information of the individual who prepared the filing in case SCA reviewer has questions.

- 3. **Please provide your company’s preferred conclusion and rationale** – Enter information to be considered during the appeal process.

- C. When all of the fields above have been filled in, select “Next.”
- D. Review the details and select “Prepare SCA Filing.”
- E. On the “SCA Filing Detail” tab, include any supporting documents that accompany the appeal.
- F. Select “Submit” to finalize Sub-2 appeal filing.