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

**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 90 days of the acquisition or formation of the investment. A Sub-2 form is required to be filed annually for any existing investment, by August 31$^{st}$ or one month after the audit report date. 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 <u>NOT</u> 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.
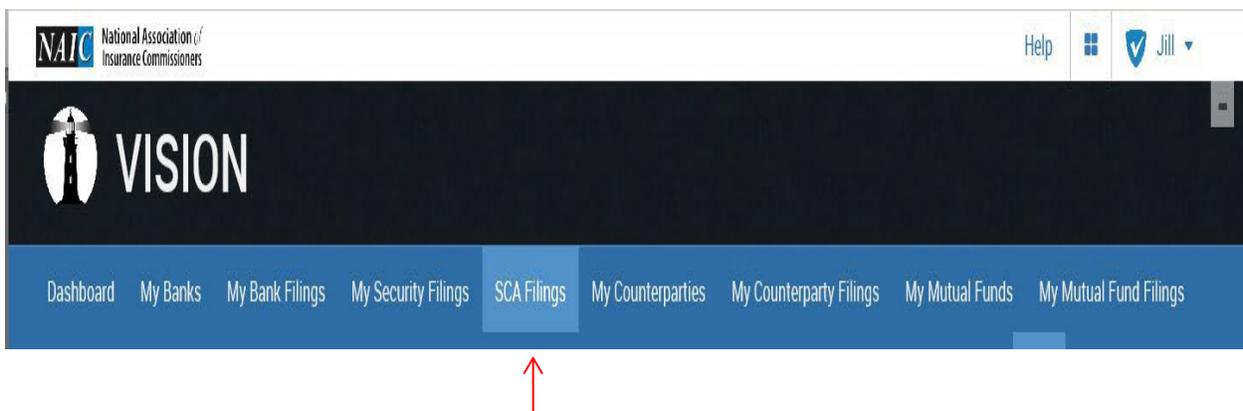


## 2. Filing a Sub-2 Form (Annual Update)

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.

| 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."

**SCA Filing Detail - 1006847**      💬 Notes (0)   ⚡ Override Billing   ⊘ Initiate Sub-2   ✎ Export State Information

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

1.  **<u>Filer and SCA Tab</u>** – 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**

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

| 20.0% |
|---|

← Back   → Next

▣ Select Filer

Filer ⇕

[redacted]

▣ Update SCA Issue Information

| Selected Issue | SCA Name * | Financial Statement Reporting Date * |
|---|---|---|
| [redacted] | [redacted] | 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.)*



   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.

   a. **Total Value Claimed** – Value of SCA (include goodwill from purchase of SCA)

   b. **Shares Owned** - Number of shares the insurance reporting entity owns

   c. **Value Per Share** - Total value claimed divided by the number of shares owned

   d. **Percent Outstanding Shares Owned** - Percentage of shares issued and outstanding that the insurance reporting entity owns

   e. **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_subsidiary_controlled_affiliated.htm

   f. **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_subsidiary_controlled_affiliated.htm

   g. **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_subsidiary_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



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."

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.

| | 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) |

*Supporting Documents — Cancel / Save. External section.*

**+ Add**

 b. Required Sub-2 Documents

  1. SCA Prior Year Audited Financial Statements – Attach the audit for the SCA filing – <u>Always</u> 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_subsidiary_controlled_affiliated.htm](http://www.naic.org/sca_subsidiary_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.

| 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 Appeal."
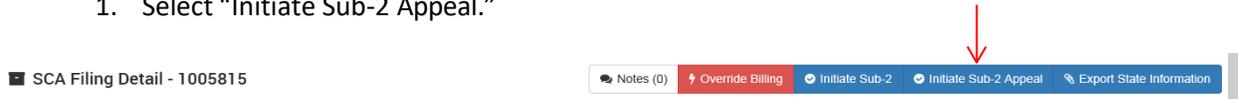


2. **Analyst Name / Phone Number / Email** – Provide name and contact information of the individual who prepared the filing in case SCA reviewer has questions.

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.

Upon submission of the Sub 2 filing in VISION, an NAIC analyst will review it. When the filing has been reviewed, the filer can download the final review results from the filing screen. The filer will click on the filing number under the "SCA Filings" tab of the VISION home screen. Once in the filing screen, the "Export State Information" button will be visible on the screen. When the filer clicks this button, the final review results will open. Filer should save this for their records.