NAIC BLANKS (E) WORKING GROUP

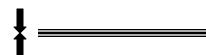
Blanks Agenda Item Submission Form

		FOR NAIC USE ONLY
	DATE: 10/12/2016	Agenda Item # 2016-31BWG
CONTACT PERSON:		Year <u>2017</u>
		Changes to Existing Reporting [X]
TELEPHONE:		New Reporting Requirement []
EMAIL ADDRESS:		REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
ON BEHALF OF:	Investment Reporting (E) Subgroup	No Impact [X] Modifies Required Disclosure []
NAME:	Tomoko Stock	DISPOSITION
TITLE:	Sr. Insurance Examiner	[] Rejected For Public Comment
AFFILIATION:	California Department of Insurance	[] Referred To Another NAIC Group [] Received For Public Comment
ADDRESS:	300 S. Spring St. S. Tower	[X] Adopted Date <u>04/08/2017</u> [] Rejected Date
	Los Angeles, CA 90013	Deferred Date
BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [] QUARTERLY STATEMENT [X] INSTRUCTIONS [] CROSSCHECKS [] BLANK		
[X] Life and Accident & Health [X] Property/Casualty [] Separate Accounts [X] Fraternal [] Other Specify		ty [X] Health [X] Title
Anticipated Effective Date	e: Annual 2017	
	IDENTIFICATION OF ITEM(S) TO	CHANGE
Reduce the number of colland examples to the categor	lateral type categories from 21 to 10 on the Schedories.	ule D, Part 1 and to also add more explanations
R	EASON, JUSTIFICATION FOR AND/OR BEN	EFIT OF CHANGE**
with similar underlying ris should be used for with n provide a detailed explana	sal is to combine several existing collateral type cates. Also, to provide more clarification in the Annumore detailed instructions and examples of the type tion of the collateral type categories and the category additional guidance on what category to choose	al Statement Instructions on what each category es of collateral. The existing categories did not ory of "Other" was used frequently. The added
	NAIC STAFF COMMENTS	5
Comment on Effective Rep	porting Date:	
Other Comments:		

^{**} This section must be completed on all forms.

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

SCHEDULE D, PART 1 INSTRUCTIONS



Detail Eliminated To Conserve Space



Column 26 – Collateral Type

Use only for securities included in the following subtotal lines.

Industrial and Miscellaneous (Unaffiliated)

Residential Mortgage-Backed/ Securities	3399999
Commercial Mortgage-Backed Securities	
Other Loan-Backed and Structured Securities	

Enter one of the following codes to indicate collateral type. Pick exactly one collateral type for each reported security. For securities that fit in more than one type, pick the predominant one. Judgment may need to be used when making selections involving prime, Alt-A and subprime, as there are no uniform definitions for these collateral types. In the description field, use abbreviations like ABS, CDO or CLO to disclose the type of the loan-backed/structured security.

1 Residential Mortgages Prime

First lien residential mortgages whose borrower(s) are considered prime. Generally prime borrowers have FICO scores of 660 or above. FICO score is a consumer credit score developed by Fair, Isaac and Co. that is a numerical summary of the relative likelihood that an individual will pay back a loan.

2 - Residential Mortgages - Non-Prime

First lien residential mortgages whose borrowers(s) are non prime. Examples of non prime include subprime and Alt A borrowers. Subprime is a first lien mortgage loan made to a borrower who has a history of delinquency or other credit problems. Alt A is a first lien mortgage loan that generally conforms to traditional prime credit guidelines, although the LTV (loan-to-value), loan documentation, occupancy status or property type, or other factors may cause the loan not to qualify under standard underwriting programs.

3 Home Equity

Home equity loans and home equity lines of credit. Usually a junior lien mortgage loan that makes available to the borrower a revolving line of credit, allowing for periodic borrowings and subsequent repayments.

4 Other Residential Mortgages

Other residential mortgages and loans where a non multifamily residence is used as collateral, not included in 1 through 3.

5 Commercial Mortgage Loans

Loan on a commercial property.

6	—Credit Card
	Credit card receivables.
7——	Auto
	Auto loans and dealer floor plan loans.
8	Student Loans
9	- Aircraft leases
10	Equipment Leases
11	Trade Receivables
12 -	Loan
	Loans not included in other types of collateral.
13	Commercial paper
14 -	Manufactured Housing and Mobile Home Loans
15	Recreational Vehicles
16	Small Business Loans
17 -	- Tax
	Tax receivables.
18	
	Receivables from utilities.
19	Credit Tenant Loan
	First liens on real property where rental payments are assigned to the lender (i.e., the credit standing of the major tenant backs the loan).
20	Single Asset
	Collateral consists of a single security or loan.
21	Other
	Collateral not included in 6 through 20.
1	Residential Mortgage Loans/RMBS
	Include all types of residential first lien mortgage loans as collateral (e.g., prime, subprime. Alt-A).
2	Commercial Mortgage Loans/CMBS
	Include all types of commercial mortgage loans as collateral (e.g., conduits, single name

etc.).

3 Home Equity

Include all home equity loans and/or home equity lines of credit as collateral. These are not first liens and are deemed loans to individuals. Bonds that are collateralized by home equity loans/lines of credit are considered asset-backed securities (ABS) rather than RMBS.

4 Individual Obligations – Credit Card, Auto, Student Loans and Recreational Vehicles

<u>Include bonds collateralized by individual obligations.</u> Do not include individual obligations that have a real-estate aspect.

Corporate/Industrial Obligations – Tax Receivables, Utility Receivables, Trade Receivables, Small Business Loans, Commercial Paper

<u>Include bonds collateralized by corporate or industrial obligations (sometimes referred to as commercial obligations).</u>

6 Lease Transactions – Aircraft Leases, Equipment Leases and Equipment Trust Certificates

<u>Include bonds collateralized by leases. Equipment leases are loans on heavy equipment.</u> Equipment trust certificates are certificates that entitle the holder to the lease payments on the <u>underlying assets.</u>

7 CLO/CBO/CDO

<u>Include bank loans which securitize CLOs; investment grade and high-yield corporate bonds</u> which securitize CBOs; and corporate bonds and structured securities which securitize CDOs.

8 Manufactured Housing and Mobile Home Loans

Include manufactured housing loans and mobile home loans as collateral. These are not typical residential mortgage loans, and when they securitize bonds they are considered ABS.

9 Credit Tenant Loans

Real estate loans secured by the obligation of a single (usually investment grade) company to pay debt service by means of rental payments under a lease, where real estate is pledged as collateral. Also referred to as credit tenant lease, sale-leaseback, or CTL.

10 Other

<u>Include other collateral types that do not fit into categories 1 through 9.</u>

