NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

Instructions and replace with the definition of notional amount adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB. Modify the instruction for the Notional Amount Column for Schedule DB, Part A and Part B. REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE** The purpose of this proposal is to replace the notional amount definition used for Schedule DB with the definition adopted by			FOR NAIC USE ONLY	
CONTACT PERSON: TELEPHONE: EMAIL ADDRESS: ON BEHALF OF: NAME: Dale Bruggeman TITLE: Chair SAPWG AFFILIATION: ADDRESS: 50W, Town St., 3'' Fl., Ste. 300 Columbus, OH 43215 BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [X] Other (Specify) BLANK(S) TO WHICH PROPOSAL APPLIES [X] INSTRUCTIONS [X] Life and Accident & Health [X] Property/Casualty [X] Health [X] Printernal [X] Health [X] Title DISPOSITION [X] Land Accident & Health [X] Property/Casualty [X] Health [X] Title DISPOSITION [X] Life and Accident & Health [X] Property/Casualty [X] Health [X] Title Anticipated Effective Date: Annual 2017 IDENTIFICATION OF ITEM(S) TO CHANGE Remove the definition for notional amount from the Schedule DB General Instructions, Schedule DB, Part A General Instructions and replace with the definition of notional amount adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB, Part A and Part B. REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE** The purpose of this proposal is to replace the notional amount definition used for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives. NAIC STAFF COMMENTS Comment on Effective Reporting Date: NAIC STAFF COMMENTS		DATE: 03/13/2017	-	
TELEPHONE: EMAIL ADDRESS: ON BEHALF OF: NAME: Date Bruggeman TITLE: Chair SAPWG AFFILIATION: ADDRESS: SOW. Town St., 3rd Fl., Ste. 300 Columbus, OH 43215 BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [X] QUARTERLY STATEMENT [X] I Deferred Date [] Other Specify Anticipated Effective Date: Annual 2017 IDENTIFICATION OF ITEM(S) TO CHANGE Remove the definition for notional amount from the Schedule DB General Instructions, Schedule DB, Part A General Instructions and replace with the definition of notional amount adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB. Modify the instruction for the Notional Amount Column for Schedule DB, Part A and Part B. Comment on Effective Reporting Date: NAIC STAFF COMMENTS	CONTACT PERSON:			
EMAIL ADDRESS: ON BEHALF OF: NAME: Dale Bruggeman TITLE: Chair SAPWG AFFILIATION: ADDRESS: SOW. Town St., 3rd Fl., Ste. 300 Columbus, OH 43215 BLANK(S) TO WHICH PROPOSAL APPLIES X ANNUAL STATEMENT X QUARTERLY STATEMENT Rejected Date Group	TELEPHONE:		0 1 0	
ON BEHALF OF: NAME: Dale Bruggeman TITLE: Chair SAPWG AFFILIATION: ADDRESS: Div. Town St., 3 rd Fl., Ste. 300 Columbus, OH 43215 BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [X] INSTRUCTIONS [X] Life and Accident & Health [X] Property/Casualty [X] Separate Accounts [X] Praternal TITLE: Chair SAPWG [X] Life and Accident & Health [X] Property/Casualty [X] Title Defermed Specify Anticipated Effective Date: Annual 2017 IDENTIFICATION OF ITEM(S) TO CHANGE Remove the definition for notional amount from the Schedule DB General Instructions, Schedule DB, Part A General Instructions and replace with the definition of notional amount adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB. Modify the instruction for the Notional Amount Column for Schedule DB, Part A and Part B. REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE** The purpose of this proposal is to replace the notional amount definition used for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives. NAIC STAFF COMMENTS Comment on Effective Reporting Date: NAIC STAFF COMMENTS			REVIEWED FOR ACCOUNTING	
NAME: Dale Bruggeman	ON BEHALF OF:			
AFFILIATION: Ohio Department of Insurance ADDRESS: 50W. Town St., 3 rd Fl., Ste. 300 Columbus, OH 43215 BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [X] INSTRUCTIONS [X] CROSSCHECKS [X] BLANK [X] Life and Accident & Health [X] Property/Casualty [X] Fraternal [X] Health [X] Title DENTIFICATION OF ITEM(S) TO CHANGE Remove the definition for notional amount from the Schedule DB General Instructions and replace with the definition of notional amount adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB, Part A and Part B. REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE** The purpose of this proposal is to replace the notional amount definition used for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives in the general instruction for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives. REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE** The purpose of this proposal is to replace the notional amount definition used for Schedule DB with the definition adopted by the Statutory Accounting Principles Working Group for SSAP No. 86—Derivatives. NAIC STAFF COMMENTS Comment on Effective Reporting Date: NAIC STAFF COMMENTS		D.I. D.	Modifies Required Disclosure []	
AFFILIATION: ADDRESS:	NAME:	Dale Bruggeman	<u>DISPOSITION</u>	
ADDRESS: Sow. Town St., 3 rd Fl., Ste. 300	TITLE:	Chair SAPWG		
ADDRESS: Sow. Town St., 3 rd Fl., Ste. 300	AFFILIATION:	Ohio Department of Insurance	[] Received For Public Comment	
BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT	ADDRESS:	50W. Town St., 3 rd Fl., Ste. 300	[] Rejected Date	
BLANK(S) TO WHICH PROPOSAL APPLIES [X] ANNUAL STATEMENT [X] INSTRUCTIONS [] CROSSCHECKS [] BLANK [X] Life and Accident & Health [X] Property/Casualty [X] Health [] Separate Accounts [] Other Specify Anticipated Effective Date:		Columbus OH 43215	[] Deferred Date	
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Comment on Effective Reporting Date:				
	NAIC STAFF COMMENTS			
	Comment on Effective Re	porting Date:		
Office Confinents.				
	Omer Comments:			

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

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

SCHEDULE DB

DERIVATIVE INSTRUMENTS



DEFINITIONS OF DERIVATIVE INSTRUMENTS

A hedge transaction is "Anticipatory" if it relates to:

- a. A firm commitment to purchase assets or incur liabilities; or
- b. An expectation (but not obligation) to purchase assets or incur liabilities in the normal course of business.



"Margin Deposit" means a deposit that a reporting entity is required to maintain with a broker with respect to the Futures Contracts purchased or sold.

DEFINITION OF NOTIONAL AMOUNT

The definition below is intended to be a principle for determining notional for all derivative instruments. To the extent a derivative type is not explicitly addressed in a through c, notional should be reported in a manner consistent with this principle.

"Notional amount" is defined as the face value of a financial instrument in a derivatives transaction as of a reporting date which is used to calculate future payments in the reporting currency. Notional amount may also be referred to as notional value or notional principal amount. The notional amount reported should remain static over the life of a trade unless the instrument is partially unwound or has a contractually amortizing notional. The notional amount shall apply to derivative transactions as follows:

- a. For derivative instruments other than futures contracts (e.g., options, swaps, forwards), the notional amount is either the amount to which interest rates are applied in order to calculate periodic payment obligations or the amount of the contract value used to determine the cash obligations. Non-US dollar contracts must be multiplied or divided by the appropriate inception foreign currency rate.
- b. For futures contracts, with a U.S. dollar-denominated contract size (e.g., Treasury note and bond contracts, Eurodollar futures) or underlying, the notional amount is the number of contracts at the reporting date multiplied by the contract size (value of one point multiplied by par value).
- c. For equity index and similar futures, the number of contracts at the reporting date is multiplied by the value of one point multiplied by the transaction price. Non-US dollar contract prices must be multiplied or divided by the appropriate inception foreign currency rate.

DEFINITIONS OF DERIVATIVE INSTRUMENTS

Detail Eliminated To Conserve Space

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

SCHEDULE DB - PART A SECTIONS 1 AND 2

GENERAL INSTRUCTIONS



Definitions:

Hedging Effective:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in SSAP No. 86—Derivatives, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date.



Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in SSAP No. 86—Derivatives). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Notional / Contracts Definition

Notional Value:

The principal value upon which future payments are based in a derivative transaction as at a specific period in time (the "as of" reporting date) in the reporting currency. Converting the notional into reporting currency should be done in accordance with SSAP No. 23 Foreign Currency Transactions and Translations.

Swaps, Forwards, Collars, Floors and Caps:

All use a "notional" amount to calculate future payments. If there is a notional schedule, the reported notional would be that notional amount that is used to calculate the next payment.

Options (Calls, Puts, Warrants):

All use notional amount [or number of contracts for exchange-traded instruments] to calculate future payments. Both notional amount and number of contracts are reported.

Value of One (1) Point:

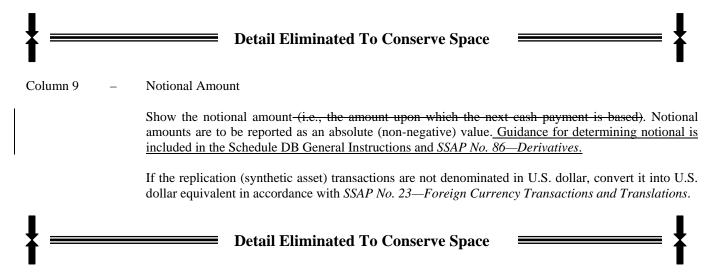
The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as "Lot Size," "Lots" or "Points" by the exchange.

Interest rate and currency swaps (where receive/(pay) notional amounts are denominated in different currencies), are filed under the "Foreign Exchange" swap subcategory.

ANNUAL STATEMENT INSTRUCTIONS - LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

<u>SCHEDULE DB – PART A – SECTION 1</u>

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN **DECEMBER 31 OF CURRENT YEAR**



ANNUAL STATEMENT INSTRUCTIONS - LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

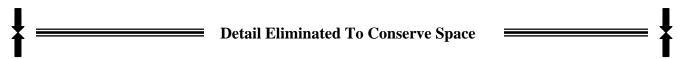
SCHEDULE DB – PART A – SECTION 2

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS TERMINATED **DURING CURRENT YEAR**

Column 11 Notional Amount

> Show the notional amount-(e.g., the amount upon which the next cash payment is based). Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and SSAP No. 86—Derivatives.

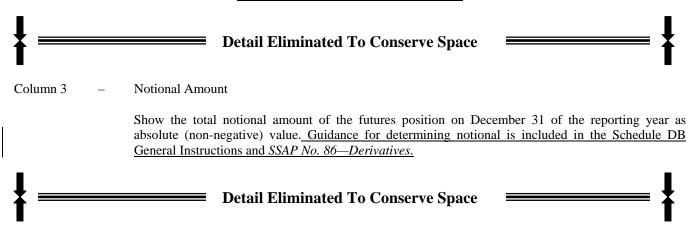
> If the replication (synthetic asset) transaction is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with SSAP No. 23—Foreign Currency Transactions and Translations.



ANNUAL STATEMENT INSTRUCTIONS - LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

SCHEDULE DB - PART B - SECTION 1

FUTURES CONTRACTS OPEN **DECEMBER 31 OF CURRENT YEAR**



ANNUAL STATEMENT INSTRUCTIONS - LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

SCHEDULE DB - PART B - SECTION 2

FUTURES CONTRACTS TERMINATED DURING CURRENT YEAR



Column 3 Notional Amount

> Show the total notional amount of the futures position terminated during the current year as absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General <u>Instructions and SSAP No. 86—Derivatives.</u>



QUARTERLY STATEMENT INSTRUCTIONS – LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

SCHEDULE DB - PART A - SECTION 1

OPTIONS, CAPS, FLOORS, COLLARS, SWAPS AND FORWARDS OPEN



Definitions:

Hedging Effective:

A derivative transaction that is used in hedging transactions that meet the criteria of a highly effective hedge as described in SSAP No. 86—Derivatives, which are valued and reported in a manner that is consistent with the hedged asset or liability. These transactions have been voluntarily designated and are effective as of the reporting date.



Other:

A derivative transaction written or sold by the reporting entity used for means other than (1) Hedging Effective; (2) Hedging Other; (3) Replication; or (4) Income Generation (definitions listed above or referenced in *SSAP No. 86—Derivatives*). When this subcategory is utilized, a description of the use should be included in the footnotes to the financial statements.

Notional/Contracts Definition

Notional Value:

The principal value upon which future payments are based in a derivative transaction as at a specific period in time (the "as of" reporting date) in the reporting currency. Converting the notional into reporting currency should be done in accordance with SSAP No. 23 Foreign Currency Transactions and Translations.

Swaps, Forwards, Collars, Floors and Caps: All use a "notional" amount to calculate future payments. If there is a notional schedule, the reported notional would be that notional amount that is used to calculate the next payment.

<u>Options (Calls, Puts, Warrants)</u>: All use notional amount (or number of contracts for exchange traded instruments) to calculate future payments. Both notional amount and number of contracts are reported.

Value of One (1) Point:

The monetary value of a one (1) point move in a futures position published by the exchange. May also be referred to as "Lot Size," "Lots" or "Points" by the exchange.

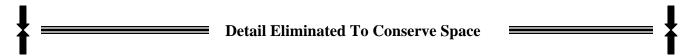
Interest rate and currency swap [where receive/(pay) notional amounts are denominated in different currencies], are filed under the "Foreign Exchange" swap subcategory.



Column 9 **Notional Amount**

Show the notional amount-(i.e., the amount upon which the next cash payment is based). Notional amounts are to be reported as an absolute (non-negative) value. Guidance for determining notional is included in the Schedule DB General Instructions and SSAP No. 86—Derivatives.

If the replication (synthetic asset) transaction is not denominated in U.S. dollar, convert it into U.S. dollar equivalent in accordance with SSAP No. 23—Foreign Currency Transactions and Translations.



QUARTERLY STATEMENT INSTRUCTIONS – LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

<u>SCHEDULE DB - PART B - SECTION 1</u>

FUTURES CONTRACTS OPEN



Column 3 Notional Amount

Show the total notional amount of the futures position on December 31 of the reporting year as absolute non-negative values. Guidance for determining notional is included in the Schedule DB General Instructions and SSAP No. 86—Derivatives.



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