# NAIC BLANKS (E) WORKING GROUP

# **Blanks Agenda Item Submission Form**

		FOR NAIC USE ONLY						
	DATE: 10/15/2018	Agenda Item # 2018-30BWG MOD						
CONTACT PERSON:		Year <u>2019</u>						
TELEPHONE:		Changes to Existing Reporting [X]  New Reporting Requirement []						
		REVIEWED FOR ACCOUNTING						
EMAIL ADDRESS:		PRACTICES AND PROCEDURES IMPACT						
ON BEHALF OF:		No Impact [X]						
NAME:	Dale Bruggeman	Modifies Required Disclosure [ ]  DISPOSITION  [ ] Rejected For Public Comment						
TITLE:	Chair SAPWG							
AFFILIATION:	Ohio Department of Insurance	[ ] Referred To Another NAIC Group [ ] Received For Public Comment [ X ] Adopted Date						
ADDRESS:	50W. Town St., 3rd Fl., Ste. 300							
	Columbus, OH 43215	Deferred Date Other (Specify)						
	Columbus, Oli 70215	[ ] Other (Specify)						
BLANK(S) TO WHICH PROPOSAL APPLIES								
[X] ANNUAL STATEMENT [X] INSTRUCTIONS [] CROSSCHECKS [] QUARTERLY STATEMENT [] BLANK								
[X] Life, Accident & Health/Fraternal [ ] Separate Accounts [X] Title								
[X] Property/Casualt		Other						
Anticipated Effective Date: Annual 2019								
· ————————————————————————————————————								
IDENTIFICATION OF ITEM(S) TO CHANGE								
Modify instructions and illustration Note 10O (SCA Loss Tracking) to include references to SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies and SSAP No. 48 entities.								
REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**								
The purpose of this proposal include loss tracking disclosures from SSAP No. 48—Joint Ventures, Partnerships and Limited								
Liability Companies adopted by the Statutory Accounting Principles (E) Working Group in Note 10O (SCA Loss Tracking).								
NAIC STAFF COMMENTS								
Comment on Effective Reporting Date:								
Other Comments:								

Revised 7/18/2018

<sup>\*\*</sup> This section must be completed on all forms.

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

#### NOTES TO FINANCIAL STATEMENTS



#### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

#### Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. Note 10 is primarily for SCA's under SSAP No. 97 but the disclosure for 10O should also be completed of SSAP No. 48 entities. The disclosures shall include:

A. The nature of the relationship involved.



### O. SCA and SSAP 48 Entity Loss Tracking

A reporting entity whose share of losses in an SCA or SSAP 48 entity exceeds its investment in the SCA or SSAP 48 entity shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA or SSAP 48 entity.) The disclosure shall apply beginning in the period the SCA or SSAP 48 entity investment initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP 48 entity investment is in a deficit position. Tracking shall cease once the investment in an SCA or SSAP 48 entity has been in a surplus position for one annual reporting period.

This disclosure shall include:

- The name of the SCA or SSAP 48 entity
- The reporting entity's current period share of SCA or SSAP 48 entity net income (loss)
- The reporting entity's accumulated share of SCA or SSAP 48 entity losses not recognized during the period that the equity method was suspended
- The reporting entity's share of the SCA or SSAP 48 entity equity, including negative equity
- Whether a guaranteed obligation or commitment for financial support exists
- The SCA or SSAP 48 entity's reported value

Additionally, the reporting entity shall detail in a narrative disclosure whether losses in the SCA<u>or</u> SSAP 48 entity have impacted other investments as required by INT 00-24: EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee and EITF 99-10: Percentage Used to Determine the Amount of Equity Method Losses.



## **Detail Eliminated To Conserve Space**



THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLES BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THESE ILLUSTRATIONS.

### O. SCA or SSAP 48 Entity Loss Tracking

1	2	3	4	5	6
				Guaranteed	
			Reporting Entity's Share of SCA's	Obligation /	
	Reporting Entity's	Accumulated Share	Share of SCA's	Commitment for	
	Share of SCA Net	of SCA Net Income	Equity, Including	Financial Support	
SCA-Entity	Income (Loss)	(Losses)	Negative Equity	(Yes / No)	Reported Value

NOTE: This disclosure is only required for SCA or SSAP 48 entities in which the reporting entity's share of losses exceeds the investment in an SCA or SSAP 48 entity. (The SCA or SSAP 48 entity investment is in a negative equity position). This disclosure shall apply beginning in the period the investment in the SCA or SSAP 48 entity equity initially falls below zero and shall continue to be disclosed as long as the SCA or SSAP 48 entity investment is in a negative equity position. The disclosure is required whenever an investment in an SCA or SSAP 48 entity is in a negative equity position and in the first year subsequent to the negative equity position in which a positive equity position has been attained.

For Column 6, as detailed in SSAP No. 97 and SSAP No. 48, once the reporting entity's share of losses equals or exceeds the investment in the SCA or SSAP 48 entity, the SCA or SSAP 48 entity shall be reported at zero, with discontinuation of the equity method, unless there is a guaranteed obligation or a commitment for future financial support. If there is a guaranteed obligation or a commitment for future financial support, the guarantee requirement shall be recognized pursuant to SSAP No. 5R, and the reporting entity shall report the investment in the SCA or SSAP 48 entity reflecting its share of losses as a contra-asset. (Disclosure of the guarantee or commitment would be captured in Note 14 and is not duplicated in this disclosure.)



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