NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<table>
<thead>
<tr>
<th>DATE: 03/05/2019</th>
<th>FOR NAIC USE ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTACT PERSON:</td>
<td>Agenda Item # 2019-10BWG</td>
</tr>
<tr>
<td>TELEPHONE:</td>
<td>Year 2019</td>
</tr>
<tr>
<td>EMAIL ADDRESS:</td>
<td>Changes to Existing Reporting [X]</td>
</tr>
<tr>
<td>ON BEHALF OF:</td>
<td>New Reporting Requirement</td>
</tr>
<tr>
<td>NAME: Dale Bruggeman</td>
<td>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</td>
</tr>
<tr>
<td>TITLE: Chair SAPWG</td>
<td>No Impact [X]</td>
</tr>
<tr>
<td>AFFILIATION: Ohio Department of Insurance</td>
<td>Modifies Required Disclosure [ ]</td>
</tr>
<tr>
<td>ADDRESS: 50W. Town St., 3rd Fl., Ste. 300 Columbus, OH 43215</td>
<td>DISPOSITION</td>
</tr>
<tr>
<td>Anticipated Effective Date: Annual 2019</td>
<td></td>
</tr>
</tbody>
</table>

BLANK(S) TO WHICH PROPOSAL APPLIES

- [X] ANNUAL STATEMENT
- [X] INSTRUCTIONS
- [ ] CROSSCHECKS
- [X] BLANK
- [X] Life, Accident & Health/Fratal
- [X] Separate Accounts
- [X] Property/Casualty
- [ ] Protected Cell
- [X] Health
- [ ] Health (Life Supplement)

IDENTIFICATION OF ITEM(S) TO CHANGE

Add instructions for determining the gain (loss) reported in Column 18 and the prepayment penalty and/or acceleration fee amount in Column 20 on Schedule D, Parts 4 and 5 for called bonds where consideration received is less than par.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of this proposal is to modify reporting of the prepayment penalty and/or acceleration fee for called bonds where consideration received is less than par to match guidance adopted by the Statutory Accounting Principles (E) for SSAP No. 26R—Bonds.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:

Other Comments:

** This section must be completed on all forms.
ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SCHEDULE D – PART 4

LONG-TERM BONDS AND STOCKS SOLD, REDEEMED OR OTHERWISE DISPOSED OF DURING CURRENT YEAR

Detail Eliminated to Conserve Space

Column 18 – Realized Gain (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For SVO Identified Funds (Bond Mutual Funds and Exchange Traded Funds), enter the difference between the consideration, Column 7 and aggregate cost Column 9 at date of sale.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 16).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with SSAP No. 26R—Bonds.

Column 19 – Total Gain (Loss) On Disposal

Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of investment income reported is equal to the total consideration received (Column 7) less the Par value of the investment (Column 8).
Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with SSAP No. 26R—Bonds.

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</tr>
</tbody>
</table>

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 11).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with SSAP No. 26R—Bonds.

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Column 20 – Interest and Dividends Received During Year

For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

Include: The proportionate share of investment income directly related to the securities reported in this schedule.

Report amounts net of foreign withholding tax.

Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee, the amount of investment income reported is equal to the total consideration received (Column 10) less the Par value of the investment (Column 8).

Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with SSAP No. 26R—Bonds.

Columns 18 – Realized Gain or (Loss) on Disposal

This should be the difference between the Consideration column amount and the Book/Adjusted Carrying Value at Disposal Date, excluding any portion that is attributable to foreign exchange differences.

For Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO, enter the difference between the consideration, Column 7 and aggregate cost Column 9 at date of sale.
Bonds called where consideration received exceeds par:

For securities sold, redeemed or otherwise disposed of, which generate investment income as a result of a prepayment penalty and/or acceleration fee; the amount of realized gain (loss) reported is equal to the Par value of the investment (Column 8) less the BACV at the Disposal Date (Column 16).

Bonds called where consideration received is less than par:

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Column 19 – Total Gain (Loss) On Disposal
Enter the sum of Column 17, foreign exchange gain or (loss), and Column 18, realized gain or (loss).

Column 20 – Bond Interest/Stock Dividends Received During Year
For Mutual Funds (including Bond Mutual Funds – as Identified by the SVO and Exchange Traded Funds – as Identified by the SVO), enter the amount of distributions received in cash or reinvested in additional shares.

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Bonds called where consideration received is less than par:

For securities sold, redeemed or otherwise disposed of, the amount of investment income and realized gain reported shall be calculated in accordance with SSAP No. 26R—Bonds.
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