NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 03/05/2019

CONTACT PERSON: ____________________________________________

TELEPHONE: ________________________________________________

EMAIL ADDRESS: ____________________________________________

ON BEHALF OF:

NAME: Dale Bruggeman

TITLE: Chair SAPWG

AFFILIATION: Ohio Department of Insurance

ADDRESS: 50W. Town St., 3rd Fl., Ste. 300

Columbus, OH 43215

FOR NAIC USE ONLY

Agenda Item # 2019-13BWG MOD

Year 2019

Changes to Existing Reporting [ X ]
New Reporting Requirement [ ]

REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT

No Impact [ X ]
Modifies Required Disclosure [ ]

DISPOSITION

[ ] Rejected For Public Comment
[ ] Referred To Another NAIC Group
[ ] Received For Public Comment
[ X ] Adopted Date 06/24/2019
[ ] Rejected Date
[ ] Deferred Date
[ ] Other (Specify) ________________________

BLANK(S) TO WHICH PROPOSAL APPLIES

[ X ] ANNUAL STATEMENT
[ ] QUARTERLY STATEMENT
[ X ] INSTRUCTIONS
[ ] CROSSCHECKS

[ X ] Separate Accounts
[ ] Protected Cell
[ X ] Title
[ ] Other ________________________

Anticipated Effective Date: Annual 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the instructions for Question 2 of the Supplemental Investment Risks Interrogatories to exclude diversified foreign mutual funds. Add disclosure of top 10 fund managers.

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

The purpose of this proposal is to modify the instructions after considering comments received by the Statutory Accounting Principles (E) Working Group on the application to diversified funds.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: ________________________

Other Comments: ________________________________________

** This section must be completed on all forms.

Revised 7/18/2018

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Line 2 — Report the single 10 largest exposures to a single issuer/borrower/investment.

Determine the ten largest exposures by first, aggregating investments from all investment categories (except the excluded categories) by issuer. The first six digits of the CUSIP number can be used as a starting point; however, please note that the same issuer may have more than one unique series of the first six digits of the CUSIP. For example, the reporting entity owns bonds issued by the XYZ Company of $500,000 and common stock of the XYZ Company of $600,000. In addition the reporting entity has a mortgage loan to the XYZ Company of $300,000. The total exposure to Issuer XYZ Company is $1.4 million ($500,000+$600,000+$300,000).

For funds that are not diversified within the meaning of the Investment Company Act of 1940, insurance reporting entities are required to identify actual exposures and aggregate those exposures with directly held investments to determine the 10 largest exposures. For example, if a reporting entity directly holds a significant number of investments in Exxon Mobil and holds a non-diversified closed-end fund with a high concentration of Exxon Mobil, the reporting entity shall aggregate the direct investments with the investments in the closed-end funds to determine the aggregate investment risk to Exxon Mobile.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund’s fiscal quarter end. Insurers who own funds classified as “non-diversified” are to use the last publicly available fund holding disclosure to account for holdings which should be included in their Top 10 holdings.

Excluding: U.S. government securities (Part Six, Section 2(e)), U. S. government agency securities (Part Six, Section 2(e)),

those U. S. Government money market funds (Part Six, Section 2(f)) listed in the Purposes and Procedures Manual of the NAIC Investment Analysis Office as exempt;

property occupied by the company; and

policy loans.

Also exclude asset types that are investment companies (mutual funds) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940 [Section 5(b) (1)].

All SEC and foreign registered funds (open-end, closed-end, UIT and ETFs) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940 [Section 5(b) (1)].
Line 14 – Report the amounts and percentages of the reporting entity’s total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

Line 14.02 – The amount reported in this line is a subset of the Line 14 amount, but excludes any public securities, any affiliated equity interests and any securities that can be sold under SEC Rule 144 or under Rule 144a without any volume restrictions.

Line 14.06 through 14.15 – Report the investments held in the ten largest fund managers, with allocation between funds that are diversified or non-diversified in accordance with the meaning of the Investment Company Act of 1940. This should include all “funds” regardless of the type of fund (private placement, mutual fund, exchange-traded fund, closed-end fund, money market mutual fund, etc), reporting schedule or underlying investments captured in a fund.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund’s fiscal quarter end. Insurers who own funds classified as “non-diversified” are to use the last publicly available fund holding disclosure to account for holdings which should be included in their Top 10 holdings.

Determine the ten largest fund managers by aggregating all “fund” investments by fund manager. For example, if a reporting entity holds a BlackRock SVO-Identified Bond ETF (diversified within the meaning of the Investment Company Act of 1940) reported on Schedule D-1 at $500,000, four BlackRock diversified mutual funds reported on Schedule D-2-2 at $2,200,000 and two BlackRock non-diversified closed-end funds totaling $1,500,000, the reporting entity shall report their aggregated investment in BlackRock funds of $4,200,000, with $2,700,000 in diversified funds and $1,500,000 in non-diversified funds.

SEC registered investment funds are required by law to disclose holdings within 60 days following the fund’s fiscal quarter end. Insurers who own funds classified as “non-diversified” are to use the last publicly available fund holding disclosure to account for holdings which should be included in their Top 10 holdings.
ANNUAL STATEMENT BLANK – LIFE/FRATERNAL, HEALTH, PROPERTY AND TITLE

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES
For The Year Ended December 31, 2019
(To BeFiled by April 1)

1. Reporting entity’s total admitted assets as reported on Page 2 of this annual statement. $ ..................................

14. Amounts and percentages of the reporting entity’s total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity’s total admitted assets? Yes [ ] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities

\[ \frac{1}{2} \]

\[ \frac{3}{2} \]

$ ........................................ ........................... ........................... %

Largest three investments held in nonaffiliated, privately placed equities:

14.03 ........................................................ ........................... $ ................................ ........   ...................................... %
14.04 ........................................................ ........................... $ ................................ ........   ...................................... %
14.05 ........................................................ ........................... $ ................................ ........   ...................................... %

Ten Largest Fund Managers

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