Date: 4/4/22

2022 Spring National Meeting
Kansas City, Missouri

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE
Tuesday, April 5, 2022
8:00 – 9:00 a.m.
Loews—City Beautiful E—Ballroom Level

ROLL CALL

Cassie Brown, Chair
Mike Causey, Vice Chair
Jim L. Ridling
Lori K. Wing-Heier
Alan McClain
Ricardo Lara
Andrew N. Mais
Trinidad Navarro
Karima M. Woods
David Altmaier
Dean L. Cameron
Doug Ommen
Vicki Schmidt
Sharon P. Clark
James J. Donelon
Allan L. McVey
Anita G. Fox
Grace Arnold
Chlora Lindley-Myers
Troy Downing

Texas
North Carolina
Alabama
Alaska
Arkansas
California
Connecticut
Delaware
District of Columbia
Florida
Idaho
Iowa
Kansas
Kentucky
Louisiana
Maine
Massachusetts
Michigan
Minnesota
Missouri
Montana

Edward M. Deleon Guerrero
Eric Dunning
Chris Nicolopoulos
Marlene Caride
Russell Toal
Adrienne A. Harris
Jon Godfread
Judith L. French
Michael Humphreys
Elizabeth Kelleher Dwyer
Raymond G. Farmer
Larry D. Deiter
Carter Lawrence
Jon Pike
Michael S. Pieciak
Scott A. White
Mike Kreidler
Allan L. McVey
Nathan Houdek
Jeff Rude
N. Mariana Islands
Nebraska
New Hampshire
New Jersey
New Mexico
New York
North Dakota
Ohio
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

NAIC Support Staff: Robin Marcotte

AGENDA

1. Consider Adoption of its 2021 Fall National Meeting Minutes
   —Jamie Walker (TX) Attachment One

2. Consider Adoption of its Working Group Reports—Jamie Walker (TX) Attachment Two
   A. Statutory Accounting Principles (E) Working Group
      —Dale Bruggeman (OH)
   B. Blanks (E) Working Group—Patricia Gosselin (NH) Attachment Three

3. Adjournment
SharePoint/NAIC Support Staff Hub/Meetings/2022 NAIC Meetings/Spring National Meeting/Agendas/0 – APPTF 4.5.2022 Agenda
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The Accounting Practices and Procedures (E) Task Force met Dec. 11, 2021, in San Diego, CA. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Trinidad Navarro, Vice Chair, represented by Rylynn Brown (DE); Lori K. Wing-Heier represented by David Phifer (AK); Alan McClain represented by Leo Liu (AR); Ricardo Lara represented by Kim Hudson and Susan Bernard (CA); Andrew N. Mais represented by William Arfanis and Kenneth Cotrone (CT); Karima M. Woods represented by N. Kevin Brown (DC); David Altmaier represented by Robert Ridenour (FL); Michelle B. Santos (GU) Doug Ommen represented by Kevin Clark and Daniel Mathis (IA); Dean L. Cameron represented by Jessie Adamson and Eric Fletcher (ID); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); James J. Donelon represented by Stewart Guerin (LA); Gary D. Anderson represented by John Turchi (MA); Eric A. Cioppa represented by Vanessa Sullivan (ME); Anita G. Fox represented by Judy Weaver (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by John Rehagen (MO); Mike Causey represented by Doug Ommen (NC); Jon Godfread represented by Johnny Palsgraaf (ND); Eric Dunning represented by Lindsay Crawford (NE); Chris Nicolopoulos represented by Doug Bartlett (NH); Russell Toal represented by Leatrice Geckler (NM); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Jessica K. Altman represented by Melissa Greiner, Matt Milford, and Kimberly Rankin (PA); Elizabeth Kelleher Dwyer represented by Jack Broccoli (RI); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Scott A. White represented by Doug Stolte and Greg Chew (VA); Michael S. Pieciak represented by Karen Ducharme (VT); Mike Kreidler represented by Steve Drutz (WA); Mark A. T. represented by Amy Malm (WI); Allan L. McVey represented by Tonya Gillespie (WV); and Jeff Rude represented by Linda Johnson (WY).

1. **Adopted its Summer National Meeting Minutes**


Mr. Bruggeman stated that the Working Group adopted Issue Paper No. 165—Levelized Commissions to document the discussion that led to the adoption of nonsubstantive revisions to Statement of Statutory Accounting Principles (SSAP) No. 71—Policy Acquisition Costs and Commissions from agenda item 2019-24: Levelized and Persistency Commission. (Ref #2019-24)

Mr. Bruggeman stated that the Working Group adopted the following nonsubstantive revisions to statutory accounting guidance:

A. **SSAP No. 32R—Preferred Stock**: Revisions remove lingering references to clarify that historical cost is not a permitted valuation method. Other revisions ensure consistencies with previously adopted language. (Ref #2021-17)

B. **SSAP No. 43R—Loan-Backed and Structured Securities**: Revisions capture Securities Valuation Office (SVO)-identified credit tenant loans (CTLs) in scope of SSAP No. 43R. Revisions also remove examples of various securities from a non-scope paragraph. (Ref #2021-11)

C. **Appendix F – NAIC Policy Statements**: NAIC Policy Statement on Maintenance of Statutory Accounting Principles: In response to a referral received from the Financial Condition (E) Committee, revisions modify the historical use of the terms “substantive” and “nonsubstantive.” Effective Jan. 1, 2022, substantive modifications will be identified as a “new SAP concept,” while nonsubstantive modifications will be a “SAP clarification.” (Ref #2021-14)
D. Blanks Proposal: Adopted an agenda item supporting supplemental reporting of Federal Home Loan Bank (FHLB) borrowings classified as a deposit-type contract and reported on Exhibit 7 – Deposit-Type Contracts. This agenda item did not result in statutory revisions; however, it reflected support for blanks proposal 2021-15BWG. (Ref #2021-16)

E. Adopted the following editorial revisions (Ref #2021-19EP):
   i. SSAP No. 16R—Electronic Data Processing Equipment and Software: Revisions correct various paragraph references.
   ii. SSAP No. 43R: Revisions remove outdated references to guidance previously deleted.

F. Nullified Interpretation (INT) 20-10: Reporting Nonconforming Credit Tenant Loans as no longer applicable for statutory accounting. While the INT expired on Oct. 1, for historical documentation purposes, the Working Group nullified the reporting exceptions within the INT. The revisions adopted to the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) make this guidance no longer relevant. (INT 20-10 and Ref# 2021-11)

Mr. Bruggeman said the Working Group exposed the following nonsubstantive revisions to statutory accounting guidance:

A. SSAP No. 22R—Leases:
   i. Revisions clarify that in any scenario in which a lease terminates early, all remaining leasehold improvements shall be immediately expensed. (Ref #2021-25)
   ii. Revisions reject Accounting Standards Update (ASU) 2021-05, Leases (Topic 842), Lessors—Certain Leases with Variable Lease Payments for statutory accounting. (Ref #2021-29)

B. SSAP No. 25—Affiliates and Other Related Parties and SSAP No. 43R: Revisions clarify the identification and reporting requirements for affiliated transactions and incorporate new disclosures to identify investments held that involve related parties. The new disclosures will require identification when investments are acquired through, or in, related parties, regardless of if they meet the definition of an affiliate. (Ref #2021-21)

C. SSAP No. 43R: Revisions reflect updated NAIC designation and designation category guidance adopted by the Valuation of Securities (E) Task Force to the P&P Manual for residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). (Ref #2021-23)

D. SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance: Revisions reflect 2021 clarifications to life and health reinsurance disclosures and provide a proposed guidance document to address auditor inquiries based on disclosures initially reported at year-end 2020. (Ref #2021-31)

E. SSAP No. 68—Business Combinations and Goodwill: Revisions reject ASU 2021-03, Intangibles – Goodwill and Other (Topic 350) – Accounting Alternative for Evaluating Triggering Events for statutory accounting. (Ref #2021-28)

F. SSAP No. 72—Surplus and Quasi-Reorganizations: Revisions reject ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)—Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options for statutory accounting. Revisions incorporate guidance on how to account for changes in fair values for written call options. (Ref #2021-27)

G. SSAP No. 86—Derivatives: Agenda item seeks public comment regarding possible revisions in considering an expanded effective hedge relationship permitted under U.S. generally accepted accounting principles (GAAP) within ASU 2017-12: Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. (Ref #2021-20)
Draft Pending Adoption

H. SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees: Revisions remove reference to the “standard scenario” to ensure consistency with VM-21, Requirements for Principle-Based Reserves for Variable Annuities. (Ref #2021-18)

I. Appendix D—Nonapplicable GAAP Pronouncements: Revisions reject ASU 2021-04, Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946). Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants as not applicable for statutory accounting. (Ref #2021-30)

J. Bond Proposal Project: Exposed a discussion draft of potential reporting options to revise Schedule D, Part 1: Long-Term Bonds to capture more granularity and transparency of investments reported as bonds. It also exposed revisions to the proposed principle concepts in determining whether an asset-backed security (ABS) satisfies the credit enhancement criteria for reporting as a bond. (Ref #2019-21)

K. Blanks Referrals
   i. Exposed and sponsored a proposal to the Blanks (E) Working Group to supplement reporting of subsidiary, controlled, and affiliated entities (SCA) investments reported in Schedule D, Part 1, Section 1: Valuation of Shares of Subsidiary, Controlled or Affiliated Companies. The supplemental data is consistent with SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities disclosure requirements, and it will assist state insurance regulators in identifying: 1) sub 1 and sub 2 filings are being submitted; and 2) situations where NAIC-approved values vary significantly from values reported on Schedule D-6-1. (Ref #2021-22)
   ii. Exposed and sponsored a proposal to the Blanks (E) Working Group to add a new general interrogatory to require disclosure of when cryptocurrencies are directly held or permitted for the remittance of premiums. (Ref #2021-24)

L. Editorial Revisions: Exposed revisions to terminology references of “substantive” and “nonsubstantive” to reflect “new SAP concept” and “SAP clarification.” (Ref #2021-26EP)

Mr. Bruggeman stated that the comment period for items exposed is Feb. 18, 2022, except for agenda items 2021-18 and 2021-31, which have a Jan. 14, 2022, comment deadline to allow for possible adoption prior to the filing of the 2021 financial statements and their audited reports. He noted that these two items may be subject to a possible e-vote for adoption.

Mr. Bruggeman stated that the Working Group disposed agenda item 2020-24: Accounting and Reporting of Credit Tenant Loans without statutory revisions. He noted that with edits adopted to clarify the determination of a CTL, further discussion on this agenda item was no longer required. (Ref #2020-24)

Mr. Bruggeman provided that the Working Group received an update on the following items:


B. Received an update on the Working Group referral of agenda item 2019-49: Retroactive Reinsurance Exception regarding diversity in the reporting of companies applying the retroactive reinsurance exception, which allows certain contracts to be reported prospectively. The Casualty Actuarial and Statistical (C) Task Force discussed this item on Dec. 7 and exposed a presentation.

C. Received an update on U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.

D. Received an update on key pending projects and discussed priorities.
Mr. Bruggeman made a motion, seconded by Mr. Eft to adopt the report of the Statutory Accounting Principles (E) Working Group (Attachment One). The motion passed unanimously.


Mr. Hudson provided the report of the Blanks (E) Working Group, which met Nov. 16, 2021.

Mr. Hudson stated that the Working Group adopted its July 22 minutes *(see NAIC Proceedings – Summer 2021, Accounting Practices and Procedures (E) Task Force, Attachment Two).*

Mr. Hudson stated that the Working Group adopted its editorial listing and proposal 2021-14BWG, which expands the number of lines of business reported on Schedule H to match the lines of business reported on the Health Statement and modifies the instructions so they will be uniform between life/fraternal and property.

Mr. Hudson said the Working Group approved the State Filing Checklists.

Mr. Hudson said the Working Group rejected proposal 2021-11BWG requesting to add a new annual statement supplement to the Property/Casualty (P/C) statement to capture exposure data for Annual Statement Lines 4, 19.1, 19.2, and 21.2 of the Exhibit of Premiums and Losses. He noted that the Working Group also deferred for future discussion proposal 2021-13BWG for a public comment period ending March 4, 2022. Proposal 2021-13BWG adds a new supplement to capture premium and loss data for Annual Statement Lines 17.1, 17.2, and 17.3 of the Exhibit of Premiums and Losses (State Page) – Other Liability by more granular lines of business. He also stated that the Working Group exposed seven new proposals for a public comment period ending March 4, 2022.

Mr. Hudson announced that the long-time chair, Jake Garn (UT), is stepping down as chair of the Blanks (E) Working Group, but he will remain a member of the Working Group. He stated that Patricia Gosselin (DE) agreed to become the Working Group chair in 2022.

Mr. Hudson made a motion, seconded by Ms. Malm to adopt the report of the Blanks (E) Working Group (Attachment Two). The motion passed unanimously.

Having no further business, the Accounting Practices and Procedures (E) Task Force adjourned.

APPTF 12-11-2021 minutes.docx
Date: 4/4/22

2022 Spring National Meeting
Kansas City, Missouri

STATUTORY ACCOUNTING PRINCIPLES (E) WORKING GROUP
Monday, April 4, 2022
9:45 a.m. – 12:00 p.m.

Meeting Summary Report

The Statutory Accounting Principles (E) Working Group met April 4, 2022. During this meeting, the Working Group:

1. Adopted its March 2, Jan. 27, and 2021 Fall National Meeting minutes.

2. Adopted the following clarifications to statutory accounting guidance:

   A. *Statement of Statutory Accounting Principles (SSAP) No. 22R—Leases:* Revisions reject Accounting Standards Update (ASU) 2021-05, Leases (Topic 842), Lessor—Certain Leases with Variable Lease Payments for statutory accounting. (Ref #2021-29)

   B. *SSAP No. 43R—Loan-Backed and Structured Securities:* Revisions reflect updated NAIC designation and designation category guidance adopted by the Valuation of Securities (E) Task Force to the *Purpose and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), for residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). (Ref #2021-23)

   C. *SSAP No. 68—Business Combinations and Goodwill:* Revisions reject ASU 2021-03, Intangibles – Goodwill and Other (Topic 350) – Accounting Alternative for Evaluating Triggering Events for statutory accounting. (Ref #2021-28)

   D. *SSAP No. 72—Surplus and Quasi-Reorganizations:* Revisions reject ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)—Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options for statutory accounting while incorporating guidance on how to account for changes in fair values for written call options. (Ref #2021-27)

   E. Adopted editorial revisions to update various terminology references of “substantive” and “nonsubstantive” to reflect “new SAP concept” and “SAP clarification.” (Ref #2021-26EP)

   F. Appendix D—Nonapplicable GAAP Pronouncements: Revisions reject ASU 2021-06, Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services—Investment Companies (Topic 946), Amendments to SEC Paragraphs Pursuant
to SEC Final Rule Releases No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants as not applicable for statutory accounting. (Ref #2021-30)

G. Agenda items resulting in blanks proposals without statutory revisions:

i. Adopted an agenda item supporting supplemental reporting of subsidiary, controlled, and affiliated (SCA) entities investments reported in Schedule D, Part 6, Section 1: Valuation of Shares of Subsidiary, Controlled or Affiliated Companies. The supplemental data is consistent with SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities disclosure requirements and did not result in statutory revisions. The adoption reflects support for blanks proposal 2022-02 BWG sponsored by the Working Group. (Ref #2021-22)

ii. Adopted an agenda item proposing to add a new general interrogatory to require disclosure pertaining to cryptocurrencies directly held or permitted for the remittance of premiums. This agenda item did not result in statutory revisions; however, adoption reflects support for the blanks proposal 2022-01BWG sponsored by the Working Group. (Ref #2021-24)

3. Exposed the following statutory accounting principles (SAP) clarifications to statutory accounting guidance:

A. SSAP No. 4—Assets and Nonadmitted Assets, SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets, and the Preamble: Revisions incorporate: 1) updates from Financial Accounting Standards Board (FASB) Concepts Statement No. 8, Conceptual Framework for Financial Reporting—Chapter 7, Presentation, which identifies factors to consider when deciding how items should be displayed on the financial statements; and 2) Concepts Statement No. 8, Conceptual Framework for Financial Reporting—Chapter 4, Elements of Financial Statements, which updates the definitions of an asset and a liability. The Working Group exposed two draft issue papers for historical documentation of these SAP clarifications. (Ref #2022-01)

B. SSAP No. 22R: Revisions reject ASU 2021-09, Leases (Topic 842), Discount Rate for Lessees That Are Not Public Business Entities for statutory accounting. (Ref #2022-05)

C. SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items: Revisions incorporate certain disclosures from ASU 2021-10, Government Assistance, Disclosures by Business Entities about Government Assistance of terms and provisions of assistance received. (Ref #2022-04)

D. SSAP No. 25—Affiliates and Other Related Parties and SSAP No. 43R: Revisions clarify the identification and reporting requirements for affiliated transactions and incorporate new reporting codes in the investment schedules to identify investments held that involve related parties. The new reporting requirements will identify investments acquired through, or in, related parties, regardless of if they meet the definition of an affiliate. (Ref #2021-21)

E. SSAP No. 47—Uninsured Plans and SSAP No. 68: Revisions reject ASU 2021-08, Business Combinations, Accounting for Contract Assets and Contract Liabilities from Contracts with Customers for statutory accounting. Revisions in SSAP No. 68 also note that the intent is not to modify any U.S. generally accepted accounting principles (GAAP) requirement for the determination of U.S. GAAP book value. (Ref #2022-07)
F. **SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies:** Revisions propose to either eliminate the audited U.S. tax basis equity valuation exception or clarify that the U.S. tax basis equity audit shall occur at the investee level. (Ref #2022-02)

G. **SSAP No. 86—Derivatives:** Revisions propose: 1) a new Exhibit A, which will replace both Exhibit A and Exhibit B of SSAP No. 86 that adopts with modification U.S. GAAP guidance in determining hedge effectiveness; and 2) revised measurement methods for excluded components in hedging instruments. The Working Group directed staff to continue to work with industry representatives on other elements within ASU 2017-12: Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. (Ref #2021-20)

H. **SSAP No. 104R—Share-Based Payments:** Revisions incorporate the practical expedient from ASU 2021-07, Compensation – Stock Compensation (Topic 718), Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards for the current price input, a required component for option-pricing models utilized in determining fair value for share-based payments. (Ref #2022-06)

I. **Interpretation (INT) 22-01: Freddie Mac When-Issued K-Deal (WI Trust) Certificates:** Revisions support a draft interpretation to clarify that investments in the Freddie Mac “When Issued K-Deal” (WI) Program are in scope of SSAP No. 43R. (Ref #2022-08)

J. **Blanks Proposal:** Exposed an agenda item that expressed support for a blanks proposal with instructional changes to Schedule T, the State Page, and Accident and Health Policy Experience Exhibit (AHPEE) to clarify guidance for premium adjustments. The instructions clarify that all premium adjustments, including but not limited to federal Affordable Care Act (ACA) premium adjustments related to the risk adjustment program, shall be allocated as premium in the respective jurisdiction. This agenda item does not result in statutory revisions. (Ref #2022-03)

K. The comment period for items exposed is June 3, except for agenda items 2021-21, 2022-03 and 2022-08, which have a May 6 comment deadline to allow for adoption consideration during an interim call anticipated for May.

4. Reviewed comments and directed staff on the following items

   A. **Bond Proposal Project:** Received comments and an update regarding potential reporting options to revise Schedule D, Part 1: Long-Term Bonds. The update included preliminary responses to certain aspects of those comments. The Working Group directed NAIC staff to proceed with developing a more robust illustration of proposed reporting revisions for subsequent exposure. (Ref #2019-21)

   B. **SSAP No. 22R:** Reviewed comments on prior exposed revisions intending to clarify that in any scenario in which a lease terminates early, all remaining leasehold improvements shall be immediately expensed. The Working Group directed NAIC staff to continue to work with interested parties to refine the guidance for subsequent consideration. (Ref #2021-25)
5. Received an update on the following items:

A. Received an update on U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.

B. Received an update on the Working Group referral of agenda item 2019-49: Retroactive Reinsurance Exception regarding diversity in companies applying the retroactive reinsurance exception, which allows certain contracts to be reported prospectively. The Casualty Actuarial and Statistical (C) Task Force discussed this item on March 8. The Task Force directed and formed a small group to further work on this, including drafting instructional revisions to Schedule P – Analysis of Losses and Loss Expenses.

C. Received an update that the Working Group and the Valuation of Securities (E) Task Force (VOSTF) received a comment letter from the American Council of Life Insurers (ACLI) regarding a proposed amendment to the P&P Manual to permit unguaranteed and unrated subsidiary obligors in Working Capital Finance Investment (WCFI) transactions. As the Working Group does not have an exposure on this topic, the chair indicated that the Working Group will note receipt but does not plan to address comments at this time; however, the comment letter will be included in the VOSTF minutes.

6. During its March 2 meeting, the Working Group:

A. Exposed agenda item 2021-19: Proposed Bond Definition, a revised principle-based bond definition, and a draft issue paper for a public comment period ending May 6. In addition, the motion directed NAIC staff to continue discussions with industry on the bond definition and develop proposed reporting changes and potential statutory accounting revisions for a subsequent exposure.

7. During its Jan. 27 meeting, the Working Group:

A. Adopted the following SAP clarifications to statutory accounting guidance:

i. **SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance**: Revisions reflect clarifications to life and health reinsurance disclosures and provide guidance to address audit inquiries. The revisions were effective for year-end 2021 reporting. (Ref #2021-31)

ii. **SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees**: Revisions remove reference to the “standard scenario” to ensure consistency with VM-21, Requirements for Principle-Based Reserves for Variable Annuities. The revisions were effective for year-end 2021 reporting. (Ref #2021-18)
Virtual Meeting
(in lieu of meeting at the 2022 Spring National Meeting)

BLANKS (E) WORKING GROUP
Tuesday, March 29, 2022
12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

Meeting Summary Report

The Blanks (E) Working Group met March 29, 2022. During this meeting, the Working Group:

1. Adopted its Nov. 16, 2021 minutes, which included the following action:
   A. Adopted proposal 2021-14BWG – Expand the number of lines of business reported on Schedule H to match the lines of business reported on the Health Statement. Modify the instructions so they will be uniform between life/fraternal and property.
   B. Adopted its editorial listing.
   C. Approved the State Filing Checklists content.
   D. Rejected proposal 2021-11BWG requesting to add a new annual statement supplement to the Property/Casualty (P/C) statement to capture exposure data for Annual Statement Lines 4, 19.1, 19.2, and 21.2 of the Exhibit of Premiums and Losses.
   E. Deferred proposal 2021-13BWG which adds a new supplement to capture premium and loss data for Annual Statement Lines 17.1, 17.2, and 17.3 of the Exhibit of Premiums and Losses (State Page) – Other Liability by more granular lines of business for a public comment period ending March 4.
   F. Exposed seven new proposals for a public comment period ending March 4.

2. Adopted the following proposals:
   A. 2021-15BWG – Add a footnote to Exhibit 7 in the Life/Fraternal statement and the Health statement (Life Supplement) to capture amount of FHLB Funding Agreements reported in Columns 1 through 6 of the exhibit (2021-16 SAPWG).
   B. 2021-16BWG Modified – For Note 9 – Income Taxes, remove the 9C illustration instructions for the DTA and DTL components which state, “reporting entities should disclose those items included as “Other” (Lines 2a13, 2e4, 3a5 and 3b3) as additional lines for those items greater than 5% in the printed/PDF filing document,” as the illustration is not set up to accommodate variable lines. Add formulas for calculation of total and subtotal on the illustration for 9C. For Note 15 – Leases, modify the illustrations to add a “Thereafter” line and add a formula for “Total” line.
   C. 2021-17BWG Modified – Modify the Analysis of Operations by Lines of Business in the Health Blank to include all of health lines of business included in the Life/Fraternal Analysis of Operations by Lines of Business – Accident and Health. Add instructions for the new columns and adjust the column references. Add the Health Blank Analysis of Operations by Lines of Business as a supplement to the Life/Fraternal Blank with the appropriate instructions and crosschecks. Add crosscheck to the Health Blank Analysis of Operations by Lines of Business to the Life/Fraternal Analysis of Operations by Lines of Business – Accident and Health instructions.
   D. 2021-19BWG Modified – Add columns and lines to U&I (Parts 1, 2, 2A, 2B and 2D) and the Exhibit of Premiums, Enrollment and Utilization in the annual statement to bring the lines of business reporting in line with Life/Fraternal and Property. Add columns and lines to the Exhibit of Premiums, Enrollment and Utilization and U&I Analysis of Claims Unpaid quarterly pages. The appropriate adjustments to the instructions are also being made.
E. 2021-20BWG Modified – Starting at Line 72 of the Life/Fraternal Five-Year Historical, add or delete lines that do not capture the specific lines of business reported on the Life/Fraternal Analysis of Operations by Lines of Business detail pages for life (individual and group), annuities (individual and group), and A&H for Line 33 of those pages.

F. 2021-21BWG Modified – Add instruction to the Investment Schedules General Instructions to exclude non-rated residual tranches or interests from being reported as bonds on Schedule D, Part 1, and add lines to Schedule BA for the reporting of those investments (2021-15 SAPWG).

G. 2021-23BWG Modified – Add a line category for Residual Tranches or Interests in the Asset Valuation Reserve Equity and Other Invested Asset Component blank and renumber lines below the addition. Modify instructions as appropriate for the added lines.

3. Adopted its editorial listing.

4. Re-expose proposal:
   2021-22BWG Modified – Add a new reporting requirement in the investment schedules for investment transactions with related parties. In addition to capturing direct loans in related parties, it will also capture information involving securitizations (or other similar investments) where the related party is a sponsor/originator along with whether the underlying investment is in a related party.

5. Deferred proposal:
   A. 2021-18BWG – Modify the Life Insurance (State Page) to include the line of business detail reported on the Analysis of Operations by Lines of Business pages. Two new Schedule T style pages (Exhibit of Claims Settled During the Current Year and Policy Exhibit) are created to include detail captured by state on the existing Life Insurance (State Page) that could not be included due to limited space. Add definitions for life and annuity products to the lines of business definitions in the health appendix.


7. Received the year-end disclosure memorandum from the Statutory Accounting Principles (E) Working Group.