

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: _____ NAME: <u>Kim Hudson</u> TITLE: _____ AFFILIATION: <u>California Department of Insurance</u> ADDRESS: <u>300 South Spring St.</u> <u>Los Angeles, CA 90013</u>	DATE: <u>10/10/2012</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2012-35BWG</u> Year <u>2013</u> 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 <u>04/06/2013</u> [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> QUARTERLY STATEMENT | |
| <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS | <input type="checkbox"/> BLANK |
| <input checked="" type="checkbox"/> Life and Accident & Health | <input checked="" type="checkbox"/> Property/Casualty | <input checked="" type="checkbox"/> Health |
| <input type="checkbox"/> Separate Accounts | <input checked="" type="checkbox"/> Fraternal | <input checked="" type="checkbox"/> Title |
| <input type="checkbox"/> Other Specify | | |

Anticipated Effective Date: Annual 2013

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify illustration for Note 17C to allow for disclosure on unrated securities and securities other than bonds and preferred stocks. The electronic notes will be modified to allow disclosure of securities other than what is shown in the current illustration.

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

The purpose of this proposal is to modify the illustration for Note 17C to allow for disclosure of securities other than just bonds and preferred stocks with NAIC Designations 3 through 6. The instructions and SSAP No. 103 clearly references "unrated" securities, but the electronic notes data capture element does not reflect this and only allows for capturing those eight items specifically shown in the illustration. This proposal will make it clear other securities are to be disclosed and allow for modifying the data capture element to capture those additional items.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

NOTES TO FINANCIAL STATEMENTS

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===== **Detail Eliminated To Conserve Space** =====
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17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Instruction:

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===== **Detail Eliminated To Conserve Space** =====
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C. **Wash Sales**

A reporting entity shall disclose the following information for wash sales, as defined in paragraph 9, of SSAP No. 103, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, involving transactions for securities with an NAIC designation of 3 or below, or unrated (the disclosures shall be made for the current quarter in the quarterly statement, and for the year in the annual statement):

- (1) A description of the reporting entity’s objectives regarding these transactions. and
- (2) An aggregation of transactions by NAIC Designation 3 or below, or unrated.

Include

- The number of transactions involved during the reporting period;
- The book value of securities sold;
- The cost of securities repurchased; and
- The realized gains/losses associated with the securities involved.

Illustration:

↓
===== **Detail Eliminated To Conserve Space** =====
↑

C. Wash Sales

- (1) In the course of the company’s asset management, securities are sold and reacquired within 30 days of the sale date to enhance the company’s yield on its investment portfolio.

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

- (2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 20__ and reacquired within 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$

Note: Examples of values for the Description Column are Bonds, Preferred Stocks, Common Stocks, etc.
The NAIC Designation Column should indicate 3 through 6 or “U” for unrated

	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain (Loss)
Bonds:				
a. NAIC 3		\$	\$	\$
b. NAIC 4		\$	\$	\$
e. NAIC 5		\$	\$	\$
d. NAIC 6		\$	\$	\$
Preferred Stocks:				
e. NAIC P/RP3		\$	\$	\$
f. NAIC P/RP4		\$	\$	\$
g. NAIC P/RP5		\$	\$	\$
h. NAIC P/RP6		\$	\$	\$

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