

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: _____ TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: _____ NAME: <u>Dale Bruggeman</u> TITLE: <u>Chair SAPWG</u> AFFILIATION: <u>Ohio Department of Insurance</u> ADDRESS: <u>50W. Town St., 3rd Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	DATE: <u>03/04/2013</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2013-14BWG MOD</u> Year <u>2013</u> Changes to Existing Reporting <input checked="" type="checkbox"/> [X] New Reporting Requirement <input type="checkbox"/> []	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT
	No Impact <input checked="" type="checkbox"/> [X] Modifies Required Disclosure <input type="checkbox"/> []	DISPOSITION
	<input type="checkbox"/> [] Rejected For Public Comment <input type="checkbox"/> [] Referred To Another NAIC Group <input type="checkbox"/> [] Received For Public Comment <input checked="" type="checkbox"/> [X] Adopted Date <u>06/13/2013</u> <input type="checkbox"/> [] Rejected Date _____ <input type="checkbox"/> [] Deferred Date _____ <input type="checkbox"/> [] Other (Specify) _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2013

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the disclosures in Note 5, Investments to reflect the changes to SSAP No. 37, Mortgage Loans. The current instructions and illustrations for Notes 5A(2), 5A(4) and 5A(6) through 5A(10) will be removed and instructions and illustrations for Notes 5A(4), 5A(5) and 5A(6) will be added. Illustrations for Notes 5A(4), 5A(5) and 5A(6) will be data captured. Notes 5A(11) and 5A(12) will be renumbered to 5A(7) and 5A(8).

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

This proposal modifies the disclosures in Note 5, Investments to reflect the changes adopted by the Statutory Accounting Principles Working Group in November 2012 for SSAP No. 37, Mortgage Loans.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT INSTRUCTIONS – LIFE, HEALTH, PROPERTY, FRATERNAL AND TITLE

5. Investments

Instruction:

A. Mortgage Loans, including Mezzanine Real Estate Loans

For mortgage loans, disclose the following information:

(1) The minimum and maximum rates of interest received for new loans made by category.

~~(2) The recorded investment excluding accrued interest and number of mortgages where interest has been reduced, by percent reduced.~~

~~(3) The maximum percentage of any one loan to the value of security at the time of the loan.~~

~~(4) The recorded investment excluding accrued interest on mortgages with interest more than 180 days past due and the amount of interest past due thereon.~~

~~(5) Taxes, assessments and any amounts advanced and not included in mortgage loan total.~~

~~(4) An age analysis of mortgage loans, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), capturing:~~

~~• Recorded investment of current mortgage loans.~~

~~• Recorded investment of mortgage loans past due classified as~~

~~• 30-59 days past due,~~

~~• 60-89 days past due,~~

~~• 90-179 days past due, and~~

~~• Greater than 180+ days past due;~~

~~• Recorded investment of mortgage loans past due still accruing interest:~~

~~• 90-179 days past due and~~

~~• 180+ past due days~~

~~• Interest accrued for mortgage loans past due;~~

~~• 90-179 days past due and~~

~~• 180+ past due days~~

~~• Interest reduced:~~

~~• Recorded investment;~~

~~• Number of loans and~~

~~• Percent Reduced (weighted-average % of the aggregated reduced recorded investments)~~

~~(6) The total recorded investment in impaired loans at the end of each period for which there is a related allowance for credit losses determined in accordance with SSAP No. 37, Mortgage Loans or SSAP No. 83, Mezzanine Real Estate Loans, and the amount of allowance for credit losses.~~

~~(7) The amount of that recorded investment for which there is no related allowance for credit losses determined in accordance with SSAP No. 37, Mortgage Loans or SSAP No. 83, Mezzanine Real Estate Loans.~~

~~(8) The average recorded investment in the impaired loans during each period.~~

~~(9) The related amount of interest income recognized during the time within that period that the loans were impaired.~~

~~(10) The amount of interest income recognized using a cash basis method of accounting during the time within that period that the loans were impaired, for each period for which results of operations are presented, unless not practicable.~~

(5) Disclose for investment in impaired loans aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine) the following:

- The amount for which there is a related allowance for credit losses determined in accordance with this SSAP No. 37, Mortgage Loans and
- The amount for which there is no related allowance for credit losses determined in accordance with this SSAP No. 37, Mortgage Loans;

(6) For impaired loans disclose the amounts, aggregated by type (Farm, Residential Insured, Residential All Other, Commercial Insured, Commercial All Other, Mezzanine), related to the following

- Average recorded investment;
- Interest income recognized;
- Recorded investments on nonaccrual status pursuant to SSAP No. 34, Investment Income Due and Accrued; and
- Unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period that the loans were impaired; and

(117) For each period for which results of operations are presented, the activity in the allowance for credit losses account, including:

- a. The balance in the allowance for credit losses account at the beginning of each period;
- b. Additions charged to operations;
- c. Direct write-downs charged against the allowance;
- d. Recoveries of amounts previously charged off; and
- e. The balance in the allowance for credit losses account at the end of each period.

(128) The policy for recognizing interest income on impaired loans, including the method for recording cash receipts.

Detail Eliminated To Conserve Space

Illustration:

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for mortgage loans during 20__ were:

Farm loans 10.5% and 9%, City loans 11.5% and 9.5%, Purchase money mortgages 10.5% and 9.5%.

~~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) _____ During 20__, the Company reduced interest rates of outstanding mortgage loans as follows:

3% — \$ _____, number _____

2% — \$ _____, number _____

1% — \$ _____, number _____

(32) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: ____ %:

~~THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR LINE 3 THE TABLE (LINES 4 THROUGH 11) BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.~~

	<u>Current Year</u>	<u>Prior Year</u>
_____ (4) _____ As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$ _____	\$ _____
a. Total interest due on mortgages with interest more than 180 days past due	\$ _____	\$ _____
(53) Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ _____	\$ _____
_____ (6) _____ Current year impaired loans with a related allowance for credit losses	\$ _____	\$ _____
a. Related allowance for credit losses	\$ _____	\$ _____
_____ (7) _____ Impaired Mortgage loans without an allowance for credit losses	\$ _____	\$ _____
_____ (8) _____ Average recorded investment in impaired loans	\$ _____	\$ _____
_____ (9) _____ Interest income recognized during the period the loans were impaired	\$ _____	\$ _____
_____ (10) _____ Amount of interest income recognized on a cash basis during the period the loans were impaired	\$ _____	\$ _____

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.

(4) Age Analysis of Mortgage Loans

Farm	Residential		Commercial		Mezzanine	Total
	Insured	All Other	Insured	All Other		

a. Current Year

1. Recorded Investment (All)

(a) Current	\$	\$	\$	\$	\$	\$	\$
(b) 30-59 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(c) 60-89 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(d) 90-179 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(e) 180+ Days Past Due	.....	.....	.....	.....	.....	.....	.....

2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	.....	.....	.....	.....	.....	.....	.....

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	.....	.....	.....	.....	.....	.....	.....

4. Interest Reduced

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Number of Loans	.....	.....	.....	.....	.....	.....	.....
(c) Percent Reduced	.....	.....	.....	.....	.....	.....	.....

b. Prior Year

1. Recorded Investment

(a) Current	\$	\$	\$	\$	\$	\$	\$
(b) 30-59 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(c) 60-89 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(d) 90-179 Days Past Due	.....	.....	.....	.....	.....	.....	.....
(e) 180+ Days Past Due	.....	.....	.....	.....	.....	.....	.....

2. Accruing Interest 90-179 Days Past Due

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	.....	.....	.....	.....	.....	.....	.....

3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	.....	.....	.....	.....	.....	.....	.....

4. Interest Reduced

(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Number of Loans	.....	.....	.....	.....	.....	.....	.....
(c) Percent Reduced	.....	.....	.....	.....	.....	.....	.....

(75) Investment in Impaired Loans With or Without Allowance for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<u>a. Current Year</u>							
1. With Allowance for Credit Losses	\$	\$	\$	\$	\$	\$	\$
2. No Allowance for Credit Losses
<u>b. Prior Year</u>							
1. With Allowance for Credit Losses	\$	\$	\$	\$	\$	\$	\$
2. No Allowance for Credit Losses

(86) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<u>a. Current Year</u>							
1. Average Recorded Investment	\$	\$	\$	\$	\$	\$	\$
2. Interest Income Recognized
3. Recorded Investments on Nonaccrual Status
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting
<u>b. Prior Year</u>							
1. Average Recorded Investment	\$	\$	\$	\$	\$	\$	\$
2. Interest Income Recognized
3. Recorded Investments on Nonaccrual Status
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting

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.

(117) Allowance for credit losses:	Current Year	Prior Year
a. Balance at beginning of period	\$ _____	\$ _____
b. Additions charged to operations	\$ _____	\$ _____
c. Direct write-downs charged against the allowances	\$ _____	\$ _____
d. Recoveries of amounts previously charged off	\$ _____	\$ _____
e. Balance at end of period	\$ _____	\$ _____

(128) The Company recognizes interest income on its impaired loans upon receipt.



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