

**NAIC BLANKS (E) WORKING GROUP**

**Blanks Agenda Item Submission Form**

<b>CONTACT PERSON:</b> _____ <b>TELEPHONE:</b> _____ <b>EMAIL ADDRESS:</b> _____ <b>ON BEHALF OF:</b> _____ <b>NAME:</b> <u>Tomoko Stock</u> <b>TITLE:</b> <u>Sr. Insurance Examiner</u> <b>AFFILIATION:</b> <u>California Department of Insurance</u> <b>ADDRESS:</b> <u>300 S. Spring St. S. Tower</u> <u>Los Angeles, CA 90013</u>	<b>DATE:</b> <u>02/06/2017</u>	<b><u>FOR NAIC USE ONLY</u></b>		
	Agenda Item # <u>2017-02BWG</u> Year <u>2017</u> Changes to Existing Reporting <input checked="" type="checkbox"/> [ X ] New Reporting Requirement <input type="checkbox"/> [ ]			
	<b><u>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</u></b>			
	No Impact <input checked="" type="checkbox"/> [ X ] Modifies Required Disclosure <input type="checkbox"/> [ ]			
			<b><u>DISPOSITION</u></b>	

**BLANK(S) TO WHICH PROPOSAL APPLIES**

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT           | <input 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 2017

**IDENTIFICATION OF ITEM(S) TO CHANGE**

For Column 34, Capital Structure Code on Schedule D, Part 1, replace the description of "Other" for Code 4 with "Not Applicable".

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

Not all securities reported on Schedule D have a capital structure (e.g., Line 5899999 Exchange Traded Funds – as Identified by the SVO and Line 5999999 Bond Mutual Funds – as Identified by the SVO) making a "Not Applicable" choice for the column more appropriate for identifying those securities that do not have a capital type that would fit in to the codes for the capital structures of Senior Secured Debt, Senior Unsecured Debt and Subordinated Debt

**NAIC STAFF COMMENTS**

Comment on Effective Reporting Date: \_\_\_\_\_

Other Comments:

\*\* This section must be completed on all forms.

**SCHEDULE D – PART 1**

**LONG-TERM BONDS OWNED DECEMBER 31 OF CURRENT YEAR**



Column 34 – Capital Structure Code

Please identify the capital structure of the security using the following codes consistent with the SVO Notching Guidelines in Part One, Section 3 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*:



Capital structure includes securities subject to SSAP No. 26—*Bonds* and SSAP No. 43R—*Loan-backed and Structured Securities*.

1. Senior Secured Debt

Senior secured is paid first in the event of a default and also has a priority above other senior debt with respect to pledged assets.

2. Senior Unsecured Debt

Senior unsecured securities have priority ahead of subordinated debt for payment in the event of default.

3. Subordinated Debt

Subordinated is secondary in its rights to receive its principal and interest payments from the borrower to the rights of the holders of senior debt (e.g., for loan-backed and structured securities, this would include mezzanine tranches).

(Subordinated means noting or designating a debt obligation whose holder is placed in precedence below secured and general unsecured creditors e.g., another debtholder could block payments to that holder or prevent that holder of that subordinated debt from taking any action.)

4. ~~Other~~ Not Applicable

~~Capital structures not defined in 1 through 3 above.~~

Securities where the capital structure 1 through 3 above do not apply (e.g., Line 5899999 Exchange Traded Funds – as Identified by the SVO and Line 5999999 Bond Mutual Funds – as Identified by the SVO).

