

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>10/13/2017</u>	FOR NAIC USE ONLY
	Agenda Item # <u>2017-25BWG MOD</u> Year <u>2019</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>03/24/2018</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 checked="" type="checkbox"/> [X] 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 2019

IDENTIFICATION OF ITEM(S) TO CHANGE

Add language to the instructions of the cash flow statement regarding the inclusion of restricted cash or restricted cash equivalents in the beginning and ending balance in the cash flow statement.

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

The purpose of this proposal is to modify the instructions to include language to clarify inclusion of restricted cash or restricted cash equivalents in the beginning and ending cash balance in the cash flow statement to reflect changes to *SSAP No. 69—Statement of Cash Flow* adopted by the Statutory Accounting Principles (E) Working Group on August 6, 2017

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 & TITLE

CASH FLOW

The Statement of Cash Flow is prepared using the direct method consistent with the Statement of Revenue and Expenses, excluding the effect of current and prior year accruals. All revenue, expenditures, purchase and sale transactions involving cash should be entered gross. Pursuant to *SSAP No. 69—Statement of Cash Flow* for purposes of the Cash Flow Statement, cash is defined to include cash, cash equivalents and short-term investments. Refer to SSAP No. 69 for accounting guidance regarding the disclosure of non-cash operating, investing and financing transactions.

The following worksheets are provided to facilitate completion of the Cash Flow Statement. The format reflects common reporting practices. Reporting entities may need to make adjustments to various lines consistent with their operations. For example, changes in the asset for foreign exchange rates is typically associated with the investment portfolio and shown as an adjustment to investment income. Alternatively, the adjustment could be made to insurance operations if appropriate. The Worksheets exclude certain non-cash activities; (e.g., change in nonadmitted assets and change in Asset Valuation Reserve for life and fraternal companies), since the offset is to surplus and has no effect on cash, but adjustments are needed to remove other non-cash transactions. While the worksheets do not take into account the cumulative effect of changes in accounting principles, the appropriate lines of the Cash Flow Statement need to be adjusted for this change. Note that the Worksheets are designed to take into account all lines of the Assets and Liabilities, Capital and Surplus pages, as well as the Statement of Revenue and Expenses.

Amounts generally described as restricted cash or restricted cash equivalents shall be included in the beginning and ending balance in the cash flow statement beginning with 12/31/2019 reporting. Early adoption is allowed. Transfers between cash, cash equivalents, amounts generally described as restricted cash or restricted cash equivalents, and short-term investments are not part of the entity’s operating, investing and financing activities, and details of those transfers are not reported as cash flow activities in the statement of cash flows.

Cash from Operations Worksheet

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

QUARTERLY STATEMENT INSTRUCTIONS – LIFE, HEALTH, PROPERTY, FRATERNAL & TITLE

CASH FLOW

Information should be reported for current year-to-date.

The Statement of Cash Flow is prepared using the direct method consistent with the Summary of Operations, excluding the effect of current and prior year accruals. All revenue, expenditures, purchases and sale transactions involving cash should be entered gross. Pursuant to SSAP No. 69—*Statement of Cash Flow*, for purposes of the Cash Flow Statement, cash is defined to include cash, cash equivalents and short-term investments. Refer to SSAP No. 69—*Statement of Cash Flow*, for accounting guidance regarding the disclosure of non-cash operating, investing and financing transactions.

The following worksheets are provided to facilitate completion of the Cash Flow Statement. The format reflects common reporting practices. Reporting entities may need to make adjustments to various lines consistent with their operations. For example, changes in the asset for foreign exchange rates is typically associated with the investment portfolio and shown as an adjustment to investment income. Alternatively, the adjustment could be made to insurance operations if appropriate. The worksheets exclude certain non-cash activities, e.g., change in nonadmitted assets and change in Asset Valuation Reserve for Life and Fraternal companies since the offset is to surplus and has no effect on cash, but adjustments are needed to remove other non-cash transactions. While the worksheets do not take into account the cumulative effect of changes in accounting principles, the appropriate lines of the Cash Flow need to be adjusted for this change. Note that the worksheets are designed to take into account all lines of the Assets and Liabilities, Surplus and Other Funds pages, as well as the Summary of Operations.

Amounts generally described as restricted cash or restricted cash equivalents shall be included in the beginning and ending balance in the cash flow statement beginning with 12/31/2019 reporting. Early adoption is allowed. Transfers between cash, cash equivalents, amounts generally described as restricted cash or restricted cash equivalents, and short-term investments are not part of the entity’s operating, investing and financing activities, and details of those transfers are not reported as cash flow activities in the statement of cash flows.

Cash from Operations Worksheet

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