

**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>Dale Bruggeman</u> <b>TITLE:</b> <u>Chair SAPWG</u> <b>AFFILIATION:</b> <u>Ohio Department of Insurance</u> <b>ADDRESS:</b> <u>50W. Town St., 3<sup>rd</sup> Fl., Ste. 300</u> <u>Columbus, OH 43215</u>	<b>DATE:</b> <u>03/06/2018</u>	<b>FOR NAIC USE ONLY</b>
	Agenda Item # <u>2018-16BWG</u> Year <u>2018</u> Changes to Existing Reporting <input checked="" type="checkbox"/> [ X ] New Reporting Requirement <input type="checkbox"/> [ ]	<b>REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</b>
	No Impact <input checked="" type="checkbox"/> [ X ] Modifies Required Disclosure <input type="checkbox"/> [ ]	<b>DISPOSITION</b>
	<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>06/12/2018</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 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: 2018 Annual

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

Delete the instruction and illustration for Note 12C(2) and renumber 12C(3) to 12C(2).

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

The purpose of this proposal is to remove 12C(2) from the Notes to Financial Statements to reflect changes to *SSAP No. 92—Pensions* and *SSAP No. 102—Postretirement Benefits Other Than Pensions* adopted by Statutory Accounting Principles (E) Working Group.

**NAIC STAFF COMMENTS**

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

Other Comments:

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

Revised 6/13/2009

NOTES TO FINANCIAL STATEMENTS



**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**



Instruction:

A. Defined Benefit Plan

Disclose the following regarding a reporting entity sponsoring a Defined Benefit Plan for which the reporting entity is directly liable (i.e., the plan resides directly in the reporting entity):



C. The fair value of each class of plan assets as of each date for which a statement of financial position is presented. Asset classes shall be based on the nature and risks of assets in a reporting entity’s plan(s).

Examples of classes of assets include, but are not limited to, the following:

- Cash and cash equivalents
- Equity securities (segregated by industry type, company size, or investment objective)
- Debt securities, issued by national, state, and local governments
- Corporate debt securities
- Asset-backed securities
- Structured debt
- Derivatives on a gross basis (segregated by type of underlying risk in the contract, for example):
  - ❖ Interest rate contracts
  - ❖ Foreign exchange contracts
  - ❖ Equity contracts
  - ❖ Commodity contracts
  - ❖ Credit contracts
  - ❖ Other contracts
- Investment funds (segregated by type of fund)
- Real estate.

These examples are not meant to be all inclusive. A reporting entity should consider the overall objectives in determining whether additional classes of plan assets or further disaggregation of classes should be disclosed.

The disclosure should include information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date. For fair value measurements using significant unobservable inputs, a reporting entity shall disclose the effect of the measurements on changes in plan assets for the period. To meet those objectives, the reporting entity shall disclose the following information for each class of plan assets disclosed above for each annual period:

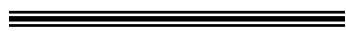
- (1) The level within the fair value hierarchy in which the fair value measurements falls in their entirety, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

NOTE: In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls in its entirety shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

- ~~(2) For fair value measurements of plan assets using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
  - a. Actual return on plan assets, separately identifying the amount related to assets still held at the reporting date and the amount related to assets sold during the period.
  - b. Purchases, sales, and settlements (each type disclosed separately).
  - c. Transfers in and/or out of Level 3 (for example, transfers due to changes in the observability of significant inputs).~~

- ~~(3)~~ Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period.

- D. A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined. The description should consider the classes of assets described in “C” above, as appropriate.



**Detail Eliminated To Conserve Space**

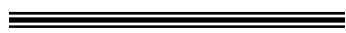


Illustration:

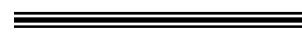
- A. Defined Benefit Plan

The Company sponsors non-contributory defined benefit pension plans covering U.S. employees. As of December 31, 20\_\_, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 20\_\_ and 20\_\_:



**Detail Eliminated To Conserve Space**



C.

**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.**

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
Total Plan Assets	\$ .....	\$ .....	\$ .....	\$ .....

NOTE: See the instructions for this illustration for examples of descriptions of plan assets.

~~**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) Fair Value Measurements in Level 3 of the Fair Value Hierarchy

Description for each class of plan assets	Beginning Balance at 01/01/20XX	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/20XX
.....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Plan Assets	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

~~NOTE: See the instructions for this illustration for examples of descriptions of plan assets.~~

E. Defined Contribution Plan

Insurance company employees are covered by a qualified defined contribution pension plan sponsored by the insurance company.

Contributions of \_\_\_ percent of each employee’s compensation are made each year. The Company’s contribution for the plan was \$\_\_\_ million and \$\_\_\_ million for 20\_\_\_ and 20\_\_\_, respectively. At December 31, 20\_\_\_, the fair value of plan assets was \$\_\_\_ million.


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