

**Statutory Accounting Principles (E) Working Group  
Comment Letters Received**

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July 15, 2021

Mr. Dale Bruggeman, Chairman  
Statutory Accounting Principles Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

RE: Comments on Ref# 2021-04: *SSAP No. 97 – Valuation of Foreign Insurance SCAs*

Dear Mr. Bruggeman:

Interested parties appreciate the opportunity to provide comments on Ref# 2021-04 (the “exposure draft”), which was re-exposed by the Statutory Accounting Principles Working Group (the “Working Group”) on May 20, 2021.

The exposure draft proposes to make the following changes to the SSAP No. 97 and SSAP No. 48:

**SSAP No. 97 Paragraph 9**

Note that the outcome of these adjustments can result in a negative equity valuation of the investment for all paragraph 8.b.ii. entities. For a paragraph 8.b.iv. entity, the application of these adjustments will stop at zero, and will not result in negative equity valuation unless the 8.b.iv entity provides services to the reporting entity or its affiliates or holds assets on behalf of the reporting entity. If such services, including reinsurance transactions, are occurring, the adjustments required in this paragraph can result in a negative equity valuation. (See additional equity method application guidance in paragraph 13.e. regarding guarantees and financial support.)

**SSAP No. 48 Paragraph 6**

Investments in these ventures, except for joint ventures, partnerships and limited liability companies with a minor ownership interest, shall be reported using an equity

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method as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraphs 8.b.i. through 8.b.iv. (The equity method calculation may result with a negative valuation of the investment, therefore the SSAP No. 97 equity method calculation shall occur regardless of whether the investment is supported by an audit and the reporting entity will nonadmit the investment.) A reporting entity whose shares of losses in a SSAP No. 48 entity exceeds its investment in the SSAP No. 48 entity shall disclose the information required by SSAP No. 97, paragraph 35.a.

Interested parties agree with these changes. As stated in our previous comment letters on this topic, there are significant differences between 8.b.ii and 8.b.iv subsidiaries that warrant different accounting treatment. Interested parties believe that the proposed edits to SSAP No. 97 provide for the appropriate accounting for 8.b.iv subsidiaries while at the same time providing effective guardrails to prevent any potential abuses of the rules.

\* \* \*

Thank you for considering interested parties' comments. If you have any questions in the interim, please do not hesitate to contact us.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: NAIC staff

Interested parties



New York Life Insurance Company  
51 Madison Avenue, New York, NY 10010

July 15, 2021

Mr. Dale Bruggeman, Chairman  
Statutory Accounting Principles Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

RE: New York Life's Comments on Item 2021-04 *SSAP No. 97 – Valuation of Foreign Insurance SCAs*

Dear Mr. Bruggeman:

New York Life ("NYL") appreciates the opportunity to provide comments on Item 2021-04 (the "Exposure"), which was re-exposed by the Statutory Accounting Principles (E) Working Group (the "SAPWG") on May 20, 2021.

The Exposure proposes to make the following changes to the SSAP No. 97 and SSAP No. 48

SSAP No. 97 Paragraph 9

Note that the outcome of these adjustments can result in a negative equity valuation of the investment for all paragraph 8.b.ii. entities. For a paragraph 8.b.iv. entity, the application of these adjustments will stop at zero, and will not result in negative equity valuation unless the 8.b.iv entity provides services to the reporting entity or its affiliates or holds assets on behalf of the reporting entity. If such services, including reinsurance transactions, are occurring, the adjustments required in this paragraph can result in a negative equity valuation. (See additional equity method application guidance in paragraph 13.e. regarding guarantees and financial support.)

SSAP No. 48 Paragraph 6

Investments in these ventures, except for joint ventures, partnerships and limited liability companies with a minor ownership interest, shall be reported using an equity method as defined in SSAP No. 97—*Investments in Subsidiary, Controlled and Affiliated Entities*, paragraphs 8.b.i. through 8.b.iv. (The equity method calculation may result with a negative valuation of the investment, therefore the SSAP No. 97 equity method calculation shall occur regardless of whether the investment is supported by an audit and the reporting entity will nonadmit the investment.) A reporting entity whose shares of losses in a SSAP No. 48 entity exceeds its investment in the SSAP No. 48 entity shall disclose the information required by SSAP No. 97, paragraph 35.a.

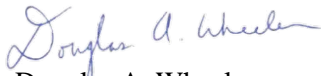
NYL agrees with the proposed changes to both SSAPs. We believe that the language being proposed reflects the appropriate accounting for an 8.b.iv entity and at the same time prevents potential interpretations that would allow an 8.b.iv entity's equity to be floored at zero if the 8.b.iv is only in existence to benefit the reporting entity.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Gardner", followed by a long horizontal flourish.

Robert M. Gardner  
Senior Vice President and Controller

A handwritten signature in blue ink, appearing to read "Douglas A. Wheeler", written in a cursive style.

Douglas A. Wheeler  
Senior Vice President, Office of Governmental Affairs