

**Statutory Accounting Principles (E) Working Group  
Interim Meeting on May 18, 2026  
Comment Letters Received**

**TABLE OF CONTENTS**

| <b>COMMENTER / DOCUMENT</b>   | <b>PAGE<br/>REFERENCE</b> |
|---|---------------------------|
| <b>Comment Letters Received for Items Planned for Discussion on May 18</b>  |                           |
| Interested Parties – May 1, 2026 <ul style="list-style-type: none"> <li>○ Ref #2024-15: Asset Liability Management Derivatives</li> <li>○ Ref #2025-13: Residential Mortgage Loans Held in Statutory Trusts</li> <li>○ Ref #2025-27: SSAP No. 1 Modco/FWH Code</li> <li>○ Ref #2026-01: Disclosure of FABNs and Similar Structures</li> <li>○ Ref #2026-02: Valuation of Funds Withheld</li> <li>○ Ref #2026-03EP: Various Editorial Revisions</li> </ul> | 1-7                       |
| ACLI – May 1, 2026 <ul style="list-style-type: none"> <li>○ Ref #2026-02: Valuation of Funds Withheld</li> </ul>  | 8-10                      |
| ACLI – May 1, 2026 <ul style="list-style-type: none"> <li>○ Ref #2024-15: SSAP No. 109 – ALM Derivatives</li> </ul>   | 11-12                     |
| Maryland Insurance Administration – May 1, 2026 <ul style="list-style-type: none"> <li>○ Ref #2025-27: SSAP No. 1 Modco/FWH Code</li> </ul>   | 13                        |

**D. Keith Bell, CPA**  
Senior Vice President  
Accounting Policy  
Corporate Finance  
The Travelers Companies, Inc.  
860-277-0537; FAX 860-954-3708  
Email: [d.keith.bell@travelers.com](mailto:d.keith.bell@travelers.com)

**Rose Albrizio, CPA**  
Vice President  
Accounting Practices  
AXA Equitable.  
201-743-7221  
Email: [rosemarie.albrizio@axa-equitable.com](mailto:rosemarie.albrizio@axa-equitable.com)

May 1, 2026

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

RE: Interested Parties Comments on Items Exposed for Comment by the Statutory Accounting Principles Working Group (SAPWG) with Comments due May 1

Dear Mr. Clark:

Thank you and the NAIC Statutory Accounting Principles Working Group (the Working Group) for the opportunity to comment on the above-referenced items, which were exposed for comment by the Working Group during the NAIC 2026 Spring National Meeting.

**Ref #2024-15: Asset Liability Management Derivatives**

The Working Group exposed a draft SSAP and issue paper to establish statutory accounting guidance for interest-rate hedging derivatives used for asset liability management as directed from the 2025 Fall National Meeting. In addition to the proposed clean version of the SSAP guidance, a version of the document showing tracked changes from the ACLI's September 10, 2025, proposed guidance was included to clearly illustrate changes. With the exposure and request for comments, the components addressing transition, reporting and admitted asset classification were specifically highlighted.

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the SAPWG exposure draft Ref #2024-15 Asset Liability Management (ALM) Derivatives. We strongly support this exposure draft of statutory accounting guidance for interest-rate hedging derivatives used for ALM, also referred to as "ALM Derivatives".

ACLI is very appreciative of the on-going dialogue with SAPWG and offers the following additional comment on this topic:

- Regarding the transition guidance in paragraph 24, we recommend that transition be a surplus neutral event on the transition date. ALM Derivative hedges are designed to hedge surplus, i.e., keep surplus / liquidation value unchanged due to market interest rate changes. Accordingly, for transition, we suggest the following adjustment to paragraph 24 of the exposure draft:
  - ✓ 24. On the effective date, reporting entities with open derivatives in an existing approved program that qualifies as a highly effective hedge in scope of this statement are permitted to make a one-time adjustment to reclassify recognized unrealized gains and losses from derivative fair value changes to deferred assets and deferred liabilities ~~deferred assets and deferred liabilities~~ realized gains/losses in the statement of operations. This is permitted even though the derivative is still open. With the reclassification, the derivative's then current fair value shall represent the initial amortized cost basis. This cost basis should be amortized into the statement of operations over the remaining life of the derivative instrument not to exceed a 10-year period. The derivative and should and follow the provisions of this statement for future measurement. As such, future fair value fluctuations in the derivative shall not be recognized as unrealized gains or losses unless the derivative no longer qualifies in scope of this statement. At derivative maturity or qualifying de-designation (rebalancing), the change in fair value from initial application and the maturity/de-designation date shall be recognized as a deferred asset or liability pursuant to paragraphs 15.a and 15.b.

Once again, the ACLI appreciates the opportunity to provide comments and looks forward to continued dialogue on new statutory guidance for ALM Hedges.

### **Ref #2025-13: Residential Mortgage Loans Held in Statutory Trusts**

The Working Group exposed a draft issue paper to detail for historical purposes the discussions and conclusions that occurred when developing the guidance for residential mortgage loans held in qualifying statutory trusts.

Interested parties have no comment on this item.

### **Ref #2025-27: SSAP No. 1 Modco/FWH Code**

The Working Group re-exposed this agenda item with a specific request for regulator comments on the use of the restricted asset code in the investment schedules. The discussion identified that the restricted asset code is attributed to the entire reported investment, whereas only a portion of the investment may be restricted, and with substitutability requirements, the asset noted as restricted in the year-end investment schedules may not be the asset restricted subsequently. With the financial statement note disclosures, that identifies the amount of restricted assets by broad category, consideration will occur to delete the restricted asset codes from the investment

schedules. However, before proceeding with that potential deletion, confirmation is first requested on any regulatory use and benefits of the codes.

Interested parties agree with the removal of the codes consistent with our prior comments on this proposal.

### **Ref #2026-01: Disclosure of FABNs and Similar Structures**

The Working Group moved this item to the active listing, classified as a SAP clarification, and exposed revisions to *SSAP No. 52—Deposit-Type Contracts*, as illustrated above, to incorporate disclosures and a glossary for funding agreement backed notes and other similar structures. The proposed disclosures predominantly reflect revisions recommended by the Macroprudential (E) Working Group. The Macroprudential (E) Working Group is also sponsoring a blanks proposal to incorporate the disclosure changes for year-end 2026.

The ACLI appreciates the opportunity to provide comments on the Statutory Accounting Principles (E) Working Group (SAPWG) Ref #2026-01 regarding the disclosure of Funding Agreement-Backed SPV Issuances.

ACLI suggests that the ‘Issue’ at the beginning of the exposure be changed to “Disclosure of Funding Agreement-Backed SPV Issuances” to better reflect the changes being made.

ACLI recommends the following revisions to paragraph 23a in SSAP No. 52 to enhance clarity as to what is being reported. This will be consistent with our comments on the corresponding Blanks (E) Working Group exposure:

~~Balance of funding agreements per type of issuance, per type of issuance where the transaction contains a put feature or embedded option, and per type of issuance where the terms of the SPV Issuance differ from the terms of the corresponding funding agreement, and the BACV amount of collateral pledged by the reporting entity by type of transaction:~~

For each type of issuance, report the total balance of funding agreements, the balance where the transaction contains a put feature or embedded option<sup>1</sup>, the balance where the terms of the SPV Issuance differ from the terms of the corresponding funding agreement<sup>2</sup>, and the book adjusted carrying value (BACV) amount of invested assets collateral (i.e., not including the funding agreements) pledged by the reporting entity by type of transaction:

ACLI recommends the following edits to certain items under the proposed Glossary in SSAP No. 52 for clarification:

*Funding Agreement-Backed Commercial Paper:* Under funding agreement-backed commercial paper (FABCP) structures, the insurer issues a master funding agreement to an SPV. The FABCP master funding agreement contains a deposit schedule that is updated to reflect the terms of each new deposit under an FABCP program (each, a “Deposit”). The terms of a Deposit mirror the terms of a corresponding FABCP Issuance. The assets backing the master funding agreement consist of commercial paper with maturities of 360 days or less that are purchased by the insurer with the FABCP investors’ cash proceeds. The principal and interest payments on FABCPs are generally structured to align with the dollar amount of commercial paper backing the transaction. However, the insurer may not always be able to fully invest the proceeds due to the short maturities and frequent rollovers of commercial paper, which can create a duration mismatch. The short term nature and high liquidity of the underlying commercial paper partially mitigate this ALM mismatch.

*Funding Agreement-Backed Repurchase Agreements:* In a funding agreement-backed repurchase (FABR) agreement transaction, an SPV purchases a funding agreement issued by an insurer and then uses that funding agreement to enter into a repurchase agreement (repo) with a bank counterparty. In addition, the insurer pledges collateral into an account controlled by the SPV to support the repurchase transaction. The bank counterparty may rehypothecate, or repledge, all or a portion of the collateral pool. ~~This FABN structure expands repurchase capacity and balance sheet flexibility for the insurer while reducing the bank counterparty’s regulatory capital charge.~~

*Funding Agreement-Backed Loans:* ~~Funding agreement-backed loan (FABL) structures work similarly to FABNs, except the SPV is established by the bank counterparty, not the insurer. Another key difference from FABNs is that the FABL SPV enters into a loan directly with a bank instead of issuing notes. Effectively, though, the cash flows of the loan and notes operate similarly. Funding agreement-backed loans (FABL) are loans issued to bankruptcy-remote SPVs that are secured by funding agreements (FA) issued by the sponsoring insurance company to the SPV. Additionally, with FABLs, the insurer may pledges securities to a collateral into an account, for which the bank counterparty has a security interest pursuant to an account control agreement.~~

*Funding Agreement-Backed Municipal Pre-Pay/Energy Bonds-Funding Agreements Issued into Muni Prepay Structures:* ~~Funding agreement-backed municipal gas and electric prepayment bonds (FABMBs) These are a specialized segment of the municipal bond market that allows municipalities to secure a long-term, discounted supply of energy from a utility company. As part of this transaction an insurer issues a funding agreement to an SPV. The municipality issues a tax-exempt bond to investors and uses the proceeds to prepay for typically 20 to 30 years of energy delivery. The insurer’s funding agreement provides known scheduled principal payments to the SPV that supports the purchase of energy. provides interest payments on the bonds until such payments are recouped from consumers paying their utility bills. The SPV’s is a single purpose entity whose sole purpose is to execute the~~

prepayment with the commodity supplier, ~~which is typically the commodity trading entity of an investment bank.~~

We welcome the opportunity to discuss our comments further and to support SAPWG's continued work on this issue.

### **Ref #2026-02 – Valuation of Funds Withheld**

The Working Group moved this item to the active agenda, classified as a SAP clarification, and exposed revisions to *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance* and the life annual statement instructions for various reporting schedules, to clarify the reporting of funds withheld under reinsurance contracts. With exposure, the Working Group also sponsored a blanks proposal to incorporate the revisions to the annual statement instructions.

The ACLI appreciates the opportunity to comment on the Statutory Accounting Principles (E) Working Group (SAPWG) Ref #2026-02, Valuation of Funds Withheld. While the ACLI agrees with the spirit of the exposed changes, we believe the proposed edits to SSAP No. 61 and the annual statement instructions require some modifications. The suggestions offered below are designed to provide for the diversity in funds withheld reinsurance transactions and ensure consistent accounting guidance for all funds withheld transactions regardless of the details of their structure.

Our suggestions, which are provided in Attachment A, would revise the description of the funds withheld liability in paragraphs 41.a and 53 of SSAP No. 61. While we appreciate the simplicity of the language proposed in the exposure, we found that interpretations vary with the terms of companies' reinsurance agreements. Although the funds withheld liability will often equal the carrying value of the invested assets held on the ceding entity's balance sheet, there are instances where that is not the case.

The funds withheld liability is a contractual liability, and it is determined based on the terms of the underlying reinsurance agreement. Some agreements do not associate the funds withheld liability with a specific quota share of invested assets, do not segregate invested assets, or have timing considerations that would make a literal interpretation of the proposed language more difficult. For example, some agreements that are not required to transfer investment risk, such as those covering term life insurance, may not specify which assets are associated with the funds withheld liability.

We believe these suggestions represent a conceptual change to the proposed language in SSAP No. 61, and we would appreciate the opportunity to discuss the appropriate implementation of these concepts in the annual statement instructions. ACLI members stand ready to discuss these details with NAIC staff and regulators.

In closing, we would like to thank SAPWG members and NAIC staff for the time they have already taken to discuss these issues with us, and for proactively working to improve statutory accounting guidance. We would welcome further discussion on the best way to ensure clear and

consistent reporting for funds withheld liabilities.

**Ref #2026-03EP: Various Editorial Revisions**

The Working Group exposed editorial revisions to the AP&P Manual to: 1) replace the term “CUSIP” with “Security Identifier”; 2) add “U.S.” before “generally accepted accounting principles (GAAP) or “GAAP” as appropriate; and 3) remove the word “funding” from the beginning of the paragraph that describes Federal Home Loan Bank (FHLB) agreements.

Interested parties have no comment on this item.

\* \* \* \*

Thank you for considering interested parties’ comments. We look forward to working with you and the Working Group on these items. We would recommend working with NAIC staff prior to a blanks exposure to refine clarity as much as possible prior to the exposure. If you have any questions in the interim, please do not hesitate to contact either one of us.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Julie Gann, NAIC staff  
Robin Marcotte, NAIC staff  
Wil Oden, NAIC staff  
Jake Stultz, NAIC staff  
Interested parties

Attachment A

ACLI suggests updating the proposal as follows. Please note that the section below reflects NAIC staff additions in italics and the ACLI additions in bold:

1. SSAP No. 61

Accounting for Coinsurance With Funds Withheld Arrangements

40. The following accounting applies to coinsurance arrangements with funds withheld:
- a. Ceding Entity—Premiums paid or payable to the reinsurer net of any experience refunds shall reduce premium income. Policy benefit payments paid by the reinsurer shall reduce the ceding entity's reported policy benefits. Expense allowances paid by the reinsurer shall be reported separately in the summary of operations as they are earned. A net reduction to policy reserves shall be taken for the portion of the obligation assumed by the reinsurer. *Any amounts withheld by the ceding entity shall be recorded as a separate liability. The liability is based on the book adjusted carrying value of the assets held by the ceding entity to the extent that such funds were included as a part of the total assets and were not offset by a directly related credit on the asset page.* **A funds withheld liability is established, which is determined based on the terms of the reinsurance agreement. The assets held on the ceding entity's balance sheet to support the funds withheld liability are accounted under the appropriate statutory accounting principles for the specific asset(s).** Reporting entities filing the annual statement for life and accident and health insurers shall record any interest due or payable on the amounts withheld as a component of aggregate write-ins for miscellaneous deductions. Reporting entities filing the health annual statement shall record any interest due or payable on the amounts withheld as a component of aggregate write-ins for other income or expense.
  - b. Assuming Entity (Reinsurer)—Premiums received or receivable by the reinsurer net of any experience refunds shall increase premium income and policy benefit payments paid by the reinsurer shall increase the reported policy benefits. Expense allowances paid by the reinsurer shall be reported separately in the summary of operations when payable. The reinsurer shall record its share of the statutory policy reserves attributable to the business identified in the contract. Any funds withheld by the ceding entity shall be recorded as an accounts receivable. For reporting entities filing the annual statement for life and accident and health insurers shall record any interest earned or receivable on the funds withheld as a component of aggregate write-ins for miscellaneous income. Reporting entities filing the health annual statement shall record any interest earned or receivable on the funds withheld as a component of aggregate write-ins for other income or expense.

Funds Held Under Reinsurance Treaties with Unauthorized Reinsurers or Certified Reinsurers

53. This liability is established for funds deposited by or contractually withheld from unauthorized reinsurers or certified reinsurers. *The liability is based on the book adjusted carrying value of the assets held by the ceding entity to the extent that such funds were included as a part of the total assets and were not offset by a directly related credit on the asset page.* **The funds withheld liability is determined based on the terms of the reinsurance agreement.**



May 1, 2026

Mr. Kevin Clark, Chair  
Statutory Accounting Principles (E) Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1000  
Kansas City, MO 64106-2197

Re: SAPWG Ref #2026-02 – Valuation of Funds Withheld

Dear Chair Clark,

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the Statutory Accounting Principles (E) Working Group (SAPWG) Ref #2026-02, Valuation of Funds Withheld. While the ACLI agrees with the spirit of the exposed changes, we believe the proposed edits to SSAP No. 61 and the annual statement instructions require some modifications. The suggestions offered below are designed to provide for the diversity in funds withheld reinsurance transactions and ensure consistent accounting guidance for all funds withheld transactions regardless of the details of their structure.

Our suggestions, which are provided in Attachment A, would revise the description of the funds withheld liability in paragraphs 41.a and 53 of SSAP No. 61. While we appreciate the simplicity of the language proposed in the exposure, we found that interpretations vary with the terms of companies' reinsurance agreements. Although the funds withheld liability will often equal the carrying value of the invested assets held on the ceding entity's balance sheet, there are instances where that is not the case.

The funds withheld liability is a contractual liability, and it is determined based on the terms of the underlying reinsurance agreement. Some agreements do not associate the funds withheld liability with a specific quota share of invested assets, do not segregate invested assets, or have timing considerations that would make a literal interpretation of the proposed language more difficult. For example, some agreements that are not required to transfer investment risk, such as those covering term life insurance, may not specify which assets are associated with the funds withheld liability.

We believe these suggestions represent a conceptual change to the proposed language in SSAP No. 61, and we would appreciate the opportunity to discuss the appropriate implementation of these concepts in the annual statement instructions. ACLI members stand ready to discuss these details with NAIC staff and regulators.

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

---

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

In closing, we would like to thank SAPWG members and NAIC staff for the time they have already taken to discuss these issues with us, and for proactively working to improve statutory accounting guidance. We would welcome further discussion on the best way to ensure clear and consistent reporting for funds withheld liabilities.

Sincerely,



Shannon Jones  
Sr. Director – Financial Reporting Policy  
[ShannonJones@acli.com](mailto:ShannonJones@acli.com)  
202-624-2029



Hans Avery  
Actuary  
[HansAvery@acli.com](mailto:HansAvery@acli.com)  
202-624-2012

Cc: Julie Gann, NAIC  
Robin Marcotte, NAIC

## Attachment A

ACLI suggests updating the proposal as follows. Please note that the section below reflects NAIC staff additions in italics and the ACLI additions in bold:

### 1. SSAP No. 61

#### Accounting for Coinsurance With Funds Withheld Arrangements

40. The following accounting applies to coinsurance arrangements with funds withheld:
- a. Ceding Entity - Premiums paid or payable to the reinsurer net of any experience refunds shall reduce premium income. Policy benefit payments paid by the reinsurer shall reduce the ceding entity's reported policy benefits. Expense allowances paid by the reinsurer shall be reported separately in the summary of operations as they are earned. A net reduction to policy reserves shall be taken for the portion of the obligation assumed by the reinsurer. *Any amounts withheld by the ceding entity shall be recorded as a separate liability. The liability is based on the book adjusted carrying value of the assets held by the ceding entity to the extent that such funds were included as a part of the total assets and were not offset by a directly related credit on the asset page.* **A funds withheld liability is established, which is determined based on the terms of the reinsurance agreement. The assets held on the ceding entity's balance sheet to support the funds withheld liability are accounted under the appropriate statutory accounting principles for the specific asset(s).** Reporting entities filing the annual statement for life and accident and health insurers shall record any interest due or payable on the amounts withheld as a component of aggregate write-ins for miscellaneous deductions. Reporting entities filing the health annual statement shall record any interest due or payable on the amounts withheld as a component of aggregate write-ins for other income or expense.
  - b. Assuming Entity (Reinsurer) - Premiums received or receivable by the reinsurer net of any experience refunds shall increase premium income and policy benefit payments paid by the reinsurer shall increase the reported policy benefits. Expense allowances paid by the reinsurer shall be reported separately in the summary of operations when payable. The reinsurer shall record its share of the statutory policy reserves attributable to the business identified in the contract. Any funds withheld by the ceding entity shall be recorded as an accounts receivable. For reporting entities filing the annual statement for life and accident and health insurers shall record any interest earned or receivable on the funds withheld as a component of aggregate write-ins for miscellaneous income. Reporting entities filing the health annual statement shall record any interest earned or receivable on the funds withheld as a component of aggregate write-ins for other income or expense.

#### Funds Held Under Reinsurance Treaties with Unauthorized Reinsurers or Certified Reinsurers

53. This liability is established for funds deposited by or contractually withheld from unauthorized reinsurers or certified reinsurers. *The liability is based on the book adjusted carrying value of the assets held by the ceding entity to the extent that such funds were included as a part of the total assets and were not offset by a directly related credit on the asset page.* The funds withheld liability is determined based on the terms of the reinsurance agreement.

May 1, 2026

Mr. Kevin Clark  
Chair, Statutory Accounting Principles (E) Working Group  
National Association of Insurance Commissioners  
110 Walnut Street, Suite 1000  
Kansas City, MO 64106-2197

Re: SAPWG Ref #2024-15: SSAP No. 109 – ALM Derivatives

Dear Chair Clark,

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the Statutory Accounting Principles (E) Working Group (SAPWG) exposure draft Ref #2024-15: Asset Liability Management (ALM) Derivatives referred to above that was released for comment on March 23, 2026. We strongly support this exposure draft of statutory accounting guidance for interest-rate hedging derivatives used for ALM, also referred to as “ALM Derivatives”.

ACLI is very appreciative of the on-going dialogue with SAPWG and offers the following additional comment on this topic:

- Regarding the transition guidance in paragraph 24, we recommend that transition be a surplus neutral event on the transition date. ALM Derivative hedges are designed to hedge surplus, i.e., keep surplus / liquidation value unchanged due to market interest rate changes. Accordingly, for transition, we suggest the following adjustment to paragraph 24 of the exposure draft:
  - 24. On the effective date, reporting entities with open derivatives in an existing approved program that qualifies as a highly effective hedge in scope of this statement are permitted to make a one-time adjustment to reclassify recognized unrealized gains and losses from derivative fair value changes to ~~deferred assets and deferred liabilities~~ realized gains/losses in the statement of operations. This is permitted even though the derivative is still open. With the reclassification, the derivative's then current fair value shall represent the initial amortized cost basis. This cost basis should be amortized into the statement of operations over the remaining life of the derivative instrument not to exceed a 10-year period. The derivative should ~~and~~ follow the provisions of this statement for future measurement. As such, future fair value fluctuations in the derivative shall not be recognized as unrealized gains or losses unless the derivative no longer qualifies in scope of this statement. At derivative maturity or qualifying de-designation (rebalancing), the change in fair value from initial application and the maturity/de-designation date shall be recognized as a deferred asset or liability pursuant to paragraphs 15.a and 15.b.

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

---

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

Once again, the ACLI appreciates the opportunity to provide comments and looks forward to continued dialogue on new statutory guidance for ALM Hedges. If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,



Shannon Jones  
Senior Director – Financial Reporting Policy  
202-624-2029



Hans Avery  
Actuary  
202-624-2012

Cc: Julie Gann, NAIC  
Robin Marcotte, NAIC

## **Comments received via email from the Maryland Insurance Administration**

I wanted to reach out and let you know that we're in favor of keeping restricted asset codes in the investment schedules. We've found them to be very useful as part of my annual review of investment company investments, and also in support of the exam teams.

For example, part of our regular review and exams include ensuring that securities held for statutory deposits consist of eligible securities, e.g. cash, Treasuries, etc. By keeping the restricted asset code, it allows us to quickly match the deposits listed in Schedule E3 with securities listed in Schedule D. It also allows us to do a similar exercise when it comes to reconciling other collateral, e.g. sec lending, etc.

Gilbert Mendoza

*Investment Specialist*

Financial Regulation

Maryland Insurance Administration