Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: Change to the Summary Investment Schedule**

**Check (applicable entity):**

P/C Life Health

Modification of Existing SSAP

New Issue or SSAP

Interpretation

Description of Issue:

*SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* requires disclosures as detailed in *Appendix A-001: Investments of Reporting Entities* (A-001). Section 3 of A-001 requires the Summary Investment Schedule in the statutory annual statements and in the notes to the annual audited financial statements*.*

NAIC staff support for the Blanks (E) Working Group were notified of a crosscheck error within the Annual Reporting Blanks where total mortgage loans reported on the Summary Investment Schedule do not tie to the amounts reported in Schedule B, Part 1. After research, it was found that this is due to Valuation Allowance not being included on the Summary Investment Schedule. This agenda item will add in Valuation Allowance to ensure that these schedules will tie together.

The purpose of the referral was to allow coordination to update the Appendix A-001 requirements for the Summary Investment Schedule and the related financial statement notes. This agenda item is intended to be exposed concurrently with a Blanks (E) Working Group proposal.

Existing Authoritative Literature:

*SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*

Supplemental Investment Disclosure

26. For the current year, reporting entities shall disclose the information required by Appendix A-001, Investments of Reporting Entities. A Summary Investment Schedule and Investment Risk Interrogatories shall be filed with the audited statutory financial statements. The Summary Investment Schedule shall be filed with the Annual Statement whereas the interrogatories shall be filed as a supplement to the Annual Statement by April 1 for the applicable reporting period.

*Appendix A-001*

The annual statement must include:

* Supplement to Annual Statement filed by April 1 Investment Risk Interrogatories (as specified in A-001, Section 2) and
* Summary Investment Schedule (as specified in A-001, Section 3)

The audited statutory financial statements must include:

* Investment Risk Interrogatories (as specified in A-001, Section 2) and
* Summary Investment Schedule (as specified in A-001, Section 3)

*SSAP No. 83—Mezzanine Real Estate Loans*

Disclosures

6. The financial statements shall disclose, as applicable, the requirements of SSAP No. 37, paragraphs 25-27. The MREL lender shall report in Appendix A-001 to its annual statement the amount and percentages of its total admitted assets held in MREL and the largest three investments held in MREL except that such detail shall not be required for assets held in MREL totaling less than 2.5% of its total admitted assets.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**

None

**Convergence with International Financial Reporting Standards (IFRS):** N/A

Staff Recommendation:

NAIC staff recommends that the Working Group move this agenda item to the active listing, categorized as nonsubstantive, and expose revisions to Appendix A-001, Section 3, Summary Investment Schedule to add a line for Total Valuation Allowance as illustrated below. The updates below match those that will be concurrently exposed by the Blanks (E) Working Group at the Spring National Meeting.

Section 3. Summary Investment Schedule (Revised for reporting periods effective January 1, 2019)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Gross Investment**  **Holdings** | | **Admitted Assets as Reported**  **in the Annual Statement** | | | |
| **Investment Categories** | | **1**  **Amount** | **2**  **Percen- tage** | **3**  **Amount** | **4**  **Securities**  **Lending**  **Reinvested**  **Collateral**  **Amount** | **5**  **Total**  **(Col. 3+4)**  **Amount** | **6**  **Percen-tage** |
| 4. | Mortgage Loans (Schedule B) |  |  |  |  |  |  | |
|  | 4.1 Farm Mortgages |  |  |  |  |  |  | |
|  | 4.2 Residential Mortgages |  |  |  |  |  |  | |
|  | 4.3 Commercial Loans |  |  |  |  |  |  | |
|  | 4.4 Mezzanine Real Estate Loans |  |  |  |  |  |  | |
|  | 4.5 Total Valuation Allowance |  |  |  |  |  |  | |
|  | 4.6 Total Mortgages |  |  |  |  |  |  | |

Staff Review Completed by: Jake Stultz, February 2020

**Status:**

On March 18, 2020, the Statutory Accounting Principles (E) Working Group moved this item to the active listing, categorized as nonsubstantive, and exposed revisions to Appendix A-001, Section 3, Summary Investment Schedule, as detailed above, to add a line for Total Valuation Allowance. These revisions mirror those that the Blanks (E) Working Group concurrently exposed. This item has a shortened comment period deadline ending May 1, 2020.

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