Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: *ASU 2017-14—Amendments to SEC Paragraphs in Topic 220, Topic 605 and Topic 606***

**Check (applicable entity):**

 P/C Life Health

Modification of Existing SSAP [x]  [x]  [x]

New Issue or SSAP [ ]  [ ]  [ ]

Interpretation [ ]  [ ]  [ ]

Description of Issue:

FASB issued *ASU 2017-14, Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606), Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release No. 33-10403*, which effects only SEC paragraphs in Topic 220, Topic 605 and Topic 606.

The revisions to Topic 220 update references from “income statement” to “statement of comprehensive income” and add a reference to revenue recognition in Topic 606. The revisions to Topic 605 remove guidance from and references to *SEC Staff Accounting Bulletin 13, Revenue Recognition*. The updates to Topic 606 add in guidance from *SEC Release No. 33-10403*, which is guidance for revenue recognition for sales of vaccines and bioterror countermeasures to the federal government for strategic national stockpiles, specifically for SEC registrants.

Existing Authoritative Literature:

Generally, all SEC guidance from ASUs is rejected as not applicable for statutory accounting in Appendix D. The ASUs related to ASC Topic 606 have been rejected in *SSAP No. 47—Uninsured Plans*.

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): Agenda item 2016-19 and 2017-37 address the previous ASUs related to ASC Topic 606.

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

None

**Convergence with International Financial Reporting Standards (IFRS):** ASC Topic 606 and IFRS 15 are the result of the joint project between the FASB and IASB to improve financial reporting by creating common revenue recognition guidance.

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as nonsubstantive, and expose revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2017-14, Income Statement—Reporting Comprehensive Income (Topic 220), Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606), Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release No. 33-10403* as not applicable to statutory accounting.

This item is proposed to be rejected as not applicable as ASU 2017-14 is specific to deletion and modification of SEC paragraphs, which are not applicable for statutory accounting purposes.

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 D—Nonapplicable GAAP Pronouncements* to reject *ASU 2017-14, Amendments to SEC Paragraphs in Topic 220, Topics 605 and Topic 606* for statutory accounting. This item has a shortened comment period ending May 1, 2020.

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