Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue: *ASU 2020-05—Effective Dates for Certain Entities***

**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 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which updates the effective dates for *ASU 2014-19, Revenue from Contracts with Customers (Topic 606)* and *ASU 2016-02, Leases (Topic 842)*. Both ASU 2014-19 and ASU 2016-02 have been rejected for statutory accounting. The guidance in ASU 2020-05 defers the effective date for the prior ASUs by one year for companies that have not yet implemented the new guidance.

Existing Authoritative Literature:

The ASUs related to ASC Topic 606 have been rejected in *SSAP No. 47—Uninsured Plans* and the ASUs related to Topic 842 have been rejected in *SSAP No. 22R—Leases*.

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):** ASC Topic 606 and 842 both result from joint projects FASB and IASB.

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 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities* as not applicable to statutory accounting.

This item is proposed to be rejected as not applicable as ASU 2020-05 only impacts the effective date for U.S. GAAP guidance that has been rejected for statutory accounting.

Staff Review Completed by: Jake Stultz, June 2020

**Status:**

On July 30, 2020, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as nonsubstantive, and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities* as not applicable to statutory accounting.

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