

**Statutory Accounting Principles (E) Working Group  
Maintenance Agenda Submission Form  
Form A**

**Issue:** General Interrogatory for Cryptocurrencies

**Check (applicable entity):**

	P/C	Life	Health
Modification of Existing SSAP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
New Issue or SSAP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interpretation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Description of Issue:** On May 20, 2021, the Statutory Accounting Principles (E) Working Group adopted *INT 21-01: Accounting for Cryptocurrencies*, which addressed the statutory accounting treatment for cryptocurrencies, and established that directly held cryptocurrencies do not meet the definition of an admitted asset for statutory accounting. While researching this topic, it was noted that some insurance companies held cryptocurrencies, but that these were not always easy to identify in the statutory financial statements. Additionally, as the use of cryptocurrencies by insurance companies evolves, regulators expressed a desire to better understand how companies are using cryptocurrencies. NAIC staff were directed by the Working Group to look at possible ways to get a better view of how cryptocurrencies are currently directly held and used by insurance companies.

NAIC staff have proposed a new general interrogatory within the annual reporting blanks with several questions specific to cryptocurrencies. This is proposed as a new general interrogatory as this is information that has not been previously disclosed and does not fit well with any existing disclosures.

There are no proposed changes to statutory accounting, however the agenda item does result in a sponsored blanks proposal to the Blanks (E) Working Group to incorporate the general interrogatory and related instructions. NAIC staff from the Statutory Accounting Principles (E) Working Group will work directly with the Blanks (E) Working Group staff support.

**Existing Authoritative Literature:** As articulated in the “description of issue” section, INT 21-01 established that directly held cryptocurrencies do not meet the definition of an admitted asset and are therefore nonadmitted for statutory accounting.

**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):** INT 21-01, discussed in the prior section.

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:**  
None

**Convergence with International Financial Reporting Standards (IFRS):** The IFRS Interpretations Committee issued a statement in June 2019 concluding that cryptocurrencies are not financial assets, however that they do meet the definition of an intangible asset.

**Staff Recommendation:**

NAIC staff recommends that the Working Group forward a sponsored blanks proposal to the Blanks (E) Working Group to add a new general interrogatory to the annual statement blanks to capture information about cryptocurrencies directly held or permitted for the remittance of premiums. Note, this agenda item does not propose statutory revisions. The proposed additions to the reporting blanks and the blanks instructions are shown below.

Annual Statement Instructions, General Interrogatories, Investment Section: (All Types):

38.1 Answer "YES" if the company directly owns cryptocurrencies. Answer "NO" if the company does not directly own cryptocurrencies or only holds cryptocurrencies indirectly through funds (ETFs, Mutual Funds, etc.) INT 21-01: Accounting for Cryptocurrencies established that directly held cryptocurrencies do not meet the definition of cash or an admitted asset and are therefore considered to be a nonadmitted asset for statutory accounting.

38.2 If the answer to 38.1 is "YES", specify on which schedule they are reported. (e.g., Schedule BA, etc.)

39.2 If the answer to 39.1 is "YES", indicate if it is the policy of the reporting entity to directly hold cryptocurrency accepted as payment for premiums or immediately convert to U.S. dollars. Select "YES" for both questions if some cryptocurrencies are held directly and others are immediately converted to U.S. dollars.

39.21 Answer "YES" if it is the policy of the reporting entity to directly hold cryptocurrency that was accepted as payment for premiums.

39.22 Answer "YES" if it is the policy of the reporting entity to immediately convert cryptocurrency accepted as payment for premiums to U.S. dollars.

39.3 If the answer to 38.1 or 39.1 is "YES", complete Columns 1 through 3 for each cryptocurrency accepted for payments of premiums or held directly.

Name of Cryptocurrency:

Provide the name of each cryptocurrency accepted for payments of premiums or held directly.

Immediately Converted to USD, Directly Held, or Both:

For each cryptocurrency listed, provide one of the following responses:

- Immediately converted to USD
- Directly held.
- Both.

Accepted for Payment of Premiums:

If the cryptocurrencies are accepted for the payment of premiums provide the response of "YES" in the column otherwise the response in the column should be "NO".

Annual Statement Blanks, General Interrogatories, Investment Section: (All Types):

38.1 Does the reporting entity directly hold cryptocurrencies? Yes [ ] No [ ]

38.2 If the response to 38.1 is yes, on what schedule are they reported? .....

39.1 Does the reporting entity directly or indirectly accept cryptocurrencies as payment for premiums on policies? Yes [ ] No [ ]

39.2 If the response to 39.1 is yes, are the cryptocurrencies held directly or are they immediately converted to U.S. dollars?

39.21 Hold directly Yes [ ] No [ ]

39.22 Immediately converted to U.S. dollars Yes [ ] No [ ]

39.3 If the response to 38.1 or 39.1 is yes, list all cryptocurrencies accepted for payments of premiums or that are held directly.

<u>1</u>	<u>2</u>	<u>3</u>
<u>Name of Cryptocurrency</u>	<u>Immediately Converted to USD, Directly Held, or Both</u>	<u>Accepted for Payment of Premiums</u>

**Staff Review Completed by: Jake Stultz, NAIC Staff, November 2021**

**Status:**

On December 11, 2021, the Statutory Accounting Principles (E) Working Group moved this item to the active listing and exposed proposed revisions to be incorporated into a Blanks (E) Working Group proposal to add a new general interrogatory to the annual blanks, requiring disclosure of when cryptocurrencies are directly held or permitted for the remittance of premiums. This agenda item did not propose statutory revisions.

<https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2021/13.FallNationalMeeting/Exposures/21-24-CryptocurrencyGeneralInterrogatory.docx>