

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

Issue: ASU 2024-03 and ASU 2025-01, Reporting Comprehensive Income

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:

In November of 2024 the Financial Accounting Standards Board FASB issued Accounting Standards Update (ASU) 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), Disaggregation of Income Statement Expenses*, to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales, selling, general, and administrative, and research and development). In January of 2025, FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), Clarifying the Effective Date of ASU 2024-03*, to clarify the intended effective date of ASU 2024-03.

Existing Authoritative Literature:

Historically, guidance applicable only to public entities from ASUs has typically been rejected as statutory accounting does have separate guidance for public vs. private reporting entities. All ASUs are reviewed for statutory accounting purposes to determine if the guidance should be considered 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): None.

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

Convergence with International Financial Reporting Standards (IFRS): None

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject ASU 2024-03, *Disaggregation of Income Statement Expenses* and ASU 2025-01, *Clarifying the Effective Date of ASU 2024-03* as not applicable to statutory accounting. This item is proposed to be rejected as not applicable as the ASUs are specific to comprehensive income disclosures for public entities, which is not an applicable concept for statutory accounting purposes. Additionally, the annual statements already require a level of expense disaggregation in the Summary of Operations, along with a more detailed breakdown in the general expense exhibit.

Staff Review Completed by: William Oden – January 2025

Status:

On March 24, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject ASU 2024-03, *Disaggregation of Income Statement Expenses* and ASU 2025-01, *Clarifying the Effective Date of ASU 2024-03* as not applicable to statutory accounting.

On August 11, 2025, the Statutory Accounting Principles (E) Working Group adopted revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2024-03, Disaggregation of Income Statement Expenses* and *ASU 2025-01, Clarifying the Effective Date of ASU 2024-03* as not applicable to statutory accounting.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/08-11-25 Summer National Meeting/Adoptions/25-11 - ASU 2024-03 and 2025-01, Disaggregation of Income Statement Expenses.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2025/08-11-25SummerNationalMeeting/Adoptions/25-11-ASU2024-03and2025-01,DisaggregationofIncomeStatementExpenses.docx)