

NAIC Accounting Practices and Procedures Manual
Editorial and Maintenance Update
March 24, 2025

Maintenance updates provide revisions to the *Accounting Practices and Procedures Manual* (Manual) such as editorial corrections, reference changes and formatting.

SSAP/Appendix	Description/Revision
Preamble	Incorporate and revise footnotes to Preamble paragraphs 42-43 for the statutory hierarchy to further clarify treatment of issue papers in Level 5 and reference SEC rules and interpretations as sources of authoritative U.S. GAAP for SEC registrants.

Staff Recommendation:

NAIC staff recommend that the Statutory Accounting Principles (E) Working Group move this agenda item to the active listing, categorize as a SAP Clarification, and expose editorial revisions as illustrated within.

Preamble – Footnotes to Paragraphs 42 & 43

V. Statutory Hierarchy

42. The following Hierarchy is not intended to preempt state legislative and regulatory authority.

Level 1

- SSAPs, including U.S. GAAP reference material to the extent adopted by the NAIC from the FASB Accounting Standards Codification¹ (FASB Codification or GAAP guidance)

Level 2

- Consensus positions of the Emerging Accounting Issues (E) Working Group as adopted by the NAIC (INTs adopted before 2016)
- Interpretations of existing SSAPs as adopted by the Statutory Accounting Principles (E) Working Group (INTs adopted in 2016 or beyond)

Level 3

- NAIC Annual Statement Instructions
- Purposes and Procedures Manual of the NAIC Investment Analysis Office

¹ Effective September 15, 2009, the FASB [Accounting Standards Codificationtm](#) (FASB Codification) is the source of authoritative U.S. generally accepted accounting principles (U.S. GAAP). [Rules and interpretive releases of the Securities and Exchange Commission \(SEC\) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants.](#) As of that date, the FASB Codification superseded all then-existing non-SEC accounting and reporting standards. All other nongrandfathered, non-SEC accounting literature not included in the FASB Codification is nonauthoritative. As of September 15, 2009, AICPA Statements of Position are no longer reviewed as part of the statutory maintenance process as they are no longer considered authoritative GAAP literature. If the AICPA were to address an issue that affects the FASB Codification, an accounting standard update (ASU) would be issued and reviewed for applicability to statutory accounting.

Level 4

- Statutory Accounting Principles Preamble and Statement of Concepts²

Level 5

- Statutory Accounting Issue Papers³
- Sources of nonauthoritative GAAP accounting guidance and literature, including: (a) practices that are widely recognized and prevalent either generally or in the industry, (b) FASB Concept Statements, (c) AICPA guidance not included in FASB Codification, (d) International Financial Reporting Standards, (e) Pronouncements of professional associations or regulatory agencies, (f) Technical Information Service Inquiries and Replies included in the AICPA Technical Practice Aids, and (g) Accounting textbooks, handbooks and articles

43. If the accounting treatment of a transaction or event is not specified by the SSAPs, preparers, regulators and auditors of statutory financial statements should consider whether the accounting treatment is specified by another source of established statutory accounting principles. If an established statutory accounting principle from one or more sources in Level 2 or 3 is relevant to the circumstances, the preparer, regulator or auditor should apply such principle. If there is a conflict between statutory accounting principles from one or more sources in Level 2 or 3, the preparer, regulator or auditor should follow the treatment specified by the source in the higher level—that is, follow Level 2 treatment over Level 3^{FN}. Revisions to guidance in accordance with additions or revisions to the NAIC statutory hierarchy should be accounted for as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors*.

New FN: With the inclusion of issue papers in Level 5, issue papers shall only be used and applied as authoritative guidance if they do not conflict with other sources of statutory guidance. Please also note that guidance or portions of guidance in issue papers may have been superseded by more current guidance in SSAPs.

Status:

On March 24, 2025, the Statutory Accounting Principles (E) Working Group exposed editorial revisions to the Preamble which revises footnotes to Preamble paragraphs 42-43 for the statutory hierarchy to further clarify treatment of issue papers in Level 5 and reference SEC rules and interpretations as sources of authoritative U.S. GAAP for SEC registrants.

On December 9, 2025, the Statutory Accounting Principles (E) Working Group adopted editorial revisions to the Preamble which revises footnotes to paragraphs 42-43 to further clarify treatment of issue papers in Level 5 of the statutory hierarchy and to reference SEC rules and interpretations as sources of authoritative U.S. GAAP for SEC registrants.

<https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2025/12-9-25FallNationalMeeting/Adoptions/25-12EPSpring2025.docx>

² The Statutory Accounting Principles Statement of Concepts incorporates by reference FASB Concepts Statements Five and Eight to the extent they do not conflict with the concepts outlined in the statement. However, for purposes of applying this hierarchy the FASB Concepts Statements shall be included in Level 5 and only those concepts unique to statutory accounting as stated in the statement are included in Level 4.

³ With inclusion of Level 5, issue papers shall only be used and applied as authoritative guidance if they do not conflict with other sources of statutory guidance.