

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

Issue: Status Section Updates**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:

This agenda item is to provide updates to the Status Section on the cover page of the statements of statutory accounting principles (SSAPs). The two primary revisions are: 1) to change “substantively” revised to “conceptually” revised in the status section, and 2) to remove the issue paper references in the status section. Note that references to the issue papers will be maintained in the SSAPs, typically in the Effective Date section regarding the revisions documented in the issue papers, so historical tracking will still be maintained.

Existing Authoritative Literature:

The “How to Use this Manual” in the introductory section of the *Accounting Practices and Procedures Manual* contains the following regarding the cover page of the statements of statutory accounting principles (SSAPs):

Prior to January 1, 2022, the term used to describe a new SAP concept or a new SAP concept in an existing SSAP was “substantive” and the term used to describe a SAP clarification was “nonsubstantive.” The new terms will be reflected in materials to describe revisions to statutory accounting principles on a prospective basis and historical documents will not be updated to reflect the revised terms.

The cover page of each SSAP contains a STATUS section that can affect the implementation of each SSAP.

The STATUS section contains the following:

TYPE OF ISSUE – SSAPs designated as Common Area apply to all insurers. Although the nomenclature or terms provided in the prescribed annual statement forms may vary among different types of insurers, only one set of nomenclature or terms may have been used in the SSAP. For example, the Statement of Income found in the Property and Casualty Annual Statement shall be considered as synonymous with the Summary of Operations found in the Life and Health Annual Statement.

ISSUED – Date when the SSAP was adopted by the NAIC. SSAPs designated with Initial Draft were adopted by the NAIC Plenary in March 1998 as part of the Codification Project (SSAP Nos. 1-73). The date included for SSAP No. 74, and subsequent SSAPs, denotes when the Statutory Accounting Principles (E) Working Group adopted the SSAP.

EFFECTIVE DATE – Date representing when the SSAP is effective. Many times, there are additional details relative to the transition provided within the SSAP.

AFFECTS/AFFECTED BY – A useful tool for tracking relationships between statements and interpretations is contained within these sections. The “affects” section is used when a SSAP has previously been

amended to reflect new SAP concepts or superseded by other issued SSAPs. Nullified INTs are also noted in this section. Readers are referenced to another SSAP in the “affected by” section if the SSAP has been superseded or amended with a new SAP concept or with the issuance of a new SSAP. Text within paragraphs amended with new SAP concepts or superseded may also be “shaded” to notify readers that revised guidance is available.

INTERPRETED BY – This section includes a reference to the applicable interpretation (INT) of statutory accounting principles contained within Appendix B of the Manual which provides interpretative guidance as a result of issues raised by users of the Manual or related GAAP guidance. INTs are generally effective when adopted. Readers should note that the Manual only contains the INTs finalized through year end prior to publication, due to the fact that the Manual is published annually. Readers may use the NAIC website, as indicated on the inside front cover of the Manual, to keep abreast of recently issued INTs.

RELEVANT APPENDIX A GUIDANCE – This section identifies the relevant *Appendix A—Excerpts from NAIC Model Laws* guidance referenced within the SSAP.

Refer to the Relevant Literature and Effective Date and Transition sections of each SSAP for details of the development of new SSAPs or new SAP concepts, as well as changes as the result of SAP clarifications.

The following also appears in the "How to Use this Manual" section:

How to Use This Manual ...

... to account for a certain item under NAIC SAP

As the SSAPs represent the highest level of NAIC statutory authority, readers should begin their search there. The Index to SSAPs is a useful tool to identify which SSAP(s) address the issue. Once the pertinent SSAP has been identified, it can be used to locate other documents that may also address the issue. On the SSAP cover page, readers will be referred to other SSAPs if there have been **substantive** changes made to it or INTs if there have been interpretations of the SSAP. Within the body of the SSAP, readers may be referred to Appendix A or C for further guidance. There is a reference located at the end of each SSAP to issue paper(s) used in the development of the SSAP. The DISCUSSION section of the issue paper provides documentation supporting the conclusions reached in the SSAP. As supported by the statutory hierarchy, readers should only utilize the issue papers as support to the SSAP as they ARE NOT authoritative. The Statutory Hierarchy contains a detailed listing of levels of authoritative literature.

The following is an illustration of a SSAP Status section from *SSAP No. 32—Preferred Stock* in the *As of March 2025 Accounting Practices and Procedures Manual*:

Type of Issue	Common Area
Issued.....	Initial Draft; Substantively revised July 30, 2020
Effective Date	January 1, 2001; Substantive revisions detailed in Issue Paper No. 164 effective January 1, 2021
Affects.....	Supersedes SSAP No. 99 with guidance incorporated November 2010; Nullifies and incorporates INT 99-29
Affected by	No other pronouncements
Interpreted by	INT 06-02; INT 06-07
Relevant Appendix A Guidance	None

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 items 2021-26EP and 2021-14 were adopted in 2022 resulting in revisions to replace the term “substantive” with “new SSAP” or “new SAP concept” and to replace the term “nonsubstantive” with “SAP clarification” on a primarily prospective basis.

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 Review Completed by: Robin Marcotte – NAIC Staff

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose the following revisions as illustrated or listed below.

Status:

On May 22, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to the Status section of the statements of statutory accounting principles and a minor consistency revision to the How to Use this Manual document as described below. These revisions are to update and streamline the Status section for changes in terminology etc. The chart of SSAPs where the status section is expected to be updated is noted below. However, if additional items are identified as the Manual is prepared for publication, the same procedures would apply. The revisions are proposed not to be tracked.

The following revisions are proposed not to be tracked.

1. Make an edit in the “How to Use” section to replace “substantive” with “conceptual,” which is consistent with prior 2022 revisions in *the Accounting Practices and Procedures Manual*.
2. Remove the issue paper references in the Status section.
3. Change “substantively revised” to “conceptually revised” in the Status section and in the Effective Date section of the applicable statements, if appropriate. Note this does not intend to change the use of the word “substantive” in historical documents. The Status section and/or the Effective Date section of SSAPs that currently refer to prior “substantive/substantively” revisions have been identified to be updated with “conceptual/conceptually” as appropriate to the context. The following chart of anticipated revisions is

believed to be an accurate account; however, other items identified as the subsequent year's Manual is being prepared for release would follow the same process.

4. Remove a disclosure referencing a 2010 effective date of the Status section of *SSAP No. 56—Separate Accounts*; as illustrated below. This wording is not needed in the Status section, as was a nonsubstantive revision, which is noted in paragraph 44 of SSAP No. 56.

Proposed revision shown tracked:

How to Use This Manual ...

... to account for a certain item under NAIC SAP

As the SSAPs represent the highest level of NAIC statutory authority, readers should begin their search there. The Index to SSAPs is a useful tool to identify which SSAP(s) address the issue. Once the pertinent SSAP has been identified, it can be used to locate other documents that may also address the issue. On the SSAP cover page, readers will be referred to other SSAPs if there have been ~~substantive~~conceptual changes made to it or INTs if there have been interpretations of the SSAP. Within the body of the SSAP, readers may be referred to Appendix A or C for further guidance. There is a reference located at the end of each SSAP to issue paper(s) used in the development of the SSAP. The DISCUSSION section of the issue paper provides documentation supporting the conclusions reached in the SSAP. As supported by the statutory hierarchy, readers should only utilize the issue papers as support to the SSAP as they ARE NOT authoritative. The Statutory Hierarchy contains a detailed listing of levels of authoritative literature.

Below is an illustration of the revisions to SSAP No. 32. Similar revisions will be made to the SSAPs noted in the chart of expected revisions on the following pages:

SSAP No. 32—Preferred Stock

Type of Issue	Common Area
Issued.....	Initial Draft; Substantively <u>Conceptually</u> revised July 30, 2020
Effective Date	January 1, 2001; Substantive <u>Conceptual</u> revisions detailed in Issue Paper No. 164 effective January 1, 2021
Affects.....	Supersedes SSAP No. 99 with guidance incorporated November 2010; Nullifies and incorporates INT 99-29
Affected by	No other pronouncements
Interpreted by	INT 06-02; INT 06-07
Relevant Appendix A Guidance	None

Effective Date and Transition

22. This statement is effective for years beginning January 1, 2001. A change resulting from the adoption of this statement shall be accounted for as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors*. The guidance in paragraphs 24-27 was previously included within *SSAP No. 99—Accounting for Securities Subsequent to an Other-Than-Temporary Impairment* and was effective for reporting periods beginning on January 1, 2009, and thereafter, with early adoption permitted. In 2010, the guidance from SSAP No. 99 was incorporated

within the impacted standards, with SSAP No. 99 superseded. The original impairment guidance included in this standard, and the ~~substantive~~-conceptual revisions reflected in SSAP No. 99 are retained for historical purposes within Issue Paper No. 131. The guidance in paragraphs 2 and 4 to SSAP No. 32 was originally superseded January 1, 2005, by guidance included in *SSAP No. 88—Investments in Subsidiaries, Controlled and Affiliated Entities, A replacement of SSAP No. 46*, and then subsequently reflected in SSAP No. 97. In 2011, the guidance related to preferred stock of SCAs from SSAP No. 97 was incorporated into this statement and revised to reflect a definition of preferred stock. The original guidance included in this statement, and the ~~substantive~~-conceptual revisions reflected in SSAP No. 88 and SSAP No. 97 (including the title change already reflected in SSAP No. 32) are retained for historical purposes within Issue Paper Nos. 32 and 118. Guidance in paragraph 18 was originally contained in *INT 99-29: Classification of Step-Up Preferred Stock* and was effective December 6, 1999.

23. On July 30, 2020, ~~substantive~~-conceptual revisions, as detailed in *Issue Paper No. 164—Preferred Stock* were adopted. These revisions update definitions of preferred stock and reporting values based on characteristics of the preferred stock and are effective January 1, 2021, with early adoption permitted.

Proposed additional revision to status section of SSAP No. 56—Separate Accounts:

Type of Issue	Life, Accident and Health
Issued.....	Finalized March 13, 2000
Effective Date	January 1, 2001— Revised disclosures adopted September 2009 were required within the 2010 annual financial statements
Affects.....	Supersedes SSAP No. 80 with guidance incorporated August 2011
Affected by	No other pronouncements
Interpreted by	INT 00-03
Relevant Appendix A Guidance	A-200; A-250; A-255; A-270; A-585; A-588; A-620; A-695; A-812; A-820; A-821; A-822; A-830

Chart of expected revisions

The chart below is believed to be an accurate list of expected revisions; however, if additional items are identified as the subsequent year's AP&P Manual is being prepared for release, the same process would apply.

Remove Issue Paper Reference in the SSAP Status Section	Change "Substantively" to "Conceptually" in SSAP Status Section	Change "Substantively" to "Conceptually" in Effective Date/Other Section as Applicable
	2	Paragraph 22
	5	
	16	
	21	
22	22	Paragraph 54
	26	
30	30	
32	32	Paragraphs 22 and 23
35	35	Paragraph 22

Remove Issue Paper Reference in the SSAP Status Section	Change “Substantively” to “Conceptually” in SSAP Status Section	Change “Substantively” to “Conceptually” in Effective Date/Other Section as Applicable
40	40	Paragraph 36
41	41	Paragraph 24
	43	
51	51	Paragraph 58
54	54	
	61	
62	62	Paragraph 135
	86	
	93	
	94	Paragraph 19
100	100	Paragraph 67
103	103	
	104	Subparagraphs 132.b. through 132.d.
105	105	Paragraph 34

On August 11, 2025, the Statutory Accounting Principles (E) Working Group adopted the exposed revisions to the Status section of the statements of statutory accounting principles and a minor consistency revision to the How to Use this Manual document. These revisions will be reflected throughout all the SSAPs as non-tracked changes.

The revisions are for consistency and to streamline the presentation, as the original terminology, “substantive” and “nonsubstantive,” was updated in the Appendix F —Policy Statements in 2021, following the adoption of agenda item 2021-14, at the request of the Financial Condition (E) Committee. Historically, “substantive” revisions often implied the issuance of a new SSAP or a substantively revised SSAP, as it represented new statutory accounting concepts, while “nonsubstantive” meant an update to an existing SSAP as it was clarifying existing concepts. Although these terms were never intended to reflect numerical impacts at companies but instead focus on whether the concept was new to statutory accounting, the Committee requested the revised terms to eliminate potential future misinterpretation or confusion. Despite the new naming convention, the application of the terms is the same as the historical intent. The updates detailed in this agenda item reflect that shift in language and remove outdated references for consistency.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/08-11-25 Summer National Meeting/Adoptions/25-16 Status Section Updates.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National%20Meetings/A.%20National%20Meeting%20Materials/2025/08-11-25%20Summer%20National%20Meeting/Adoptions/25-16%20Status%20Section%20Updates.docx)