

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

**Issue: Debt Security & Residual Interest Disclosures**

**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 has been prepared to propose consistent disclosures for certain reporting elements between *SSAP No. 26—Bonds*, *SSAP No. 43—Asset-Backed Securities* and for non-bond debt securities and residuals in *SSAP No. 21—Other Admitted Assets*. For example, the existing disclosure requirements for securities in an unrealized loss position and securities with other than-temporary impairments (OTTI) have different reporting requirements within the three standards. This review includes assessment and comparison of the “annual audited only” disclosures (no SAP template/disclosure) for consistency and improved utilization of existing disclosures. Lastly, this agenda item proposes the inclusion of a new general interrogatory to identify whether a company is reporting residuals under the Allowable Earned Yield (AEY) or Practical Expedient (PE) measurement method and if they are transitioning from the PE to AEY approach.

Discussion of key revisions is within, but the following summarizes the primary edits reflected:

- 1) Expansion of the existing annual audited only SSAP No. 26 and SSAP No. 43 disclosure on bond sale proceeds and the resulting realized gain or loss to be a statutory data-captured disclosure. The disclosure has also been revised to include proceeds and realized gain/loss information for maturities and has been added to include bonds in SSAP No. 2 and non-bond debt securities in SSAP No. 21.
- 2) Clarifications to the reporting requirements for the bonds by maturity date disclosure. This bond detail is captured in Schedule D, Part 1A, but a summary presentation by maturity date bucket is required in the annual audit report. Additionally, a comparative summary disclosure was added to SSAP No. 21 for non-bond debt securities. (Schedule D, Part 1A is limited to bonds, therefore the non-bond debt securities are not captured in that detail.)
- 3) The disclosure of impaired securities (when fair value is less than amortized cost) has been revised to be consistently included in the statutory financial statements for all debt securities with a data-captured template. Clarity as to what shall be captured in this disclosure (all impaired securities regardless of measurement method) has also been incorporated. The revisions eliminate the required quarterly disclosure requirement, but regulator comments are requested on whether the interim reporting should be retained. (Prior to these edits, the disclosure was a required interim / annual statutory disclosure for SSAP No. 43 only. The disclosure was annual audited only under SSAP No. 26.)
- 4) In the annual statement instructions and template, the disclosure for bifurcated other-than-temporary impairment has been expanded to include non-bond debt securities as well as residual interests that follow the allowable earned yield method.
- 5) Disclosures have been incorporated for residuals in scope of SSAP No. 21 to be consistent with other invested asset disclosures.

- 6) Within the current debt security SSAPs, some statements refer to disclosure requirements in other SSAPs. To eliminate the potential for missing these disclosure requirements, the disclosure requirements have been fully incorporated into each SSAP.

### Discussion of Key Revisions:

#### 1) SSAP No. 26 Disclosure on Sales:

SSAP No. 26, paragraph 40.g. is an existing disclosure for the proceeds of sales of bonds and assets in scope of that statement, and the gross realized gains and losses from those sales. This disclosure was added in 2005 to adopt with modification US GAAP in *SOP 90-11, Disclosure of Certain Information by Financial Institutions about Debt Securities Held as Assets*. Since then, SOP 90-11 was superseded by paragraphs 19-22 of *FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities*. This disclosure is still retained in the FASB codification in ASC 320-10-50-9. (The FASB disclosure only pertains to available-for-sale securities but was adopted for all measurement methods in SAP.) Although this FASB disclosure encompasses all debt securities, it was only explicitly included in SSAP No. 26, with a reference to the SSAP No. 26 disclosure in SSAP No. 43, but no reference exists in SSAP No. 2 or SSAP No. 21. As an annual audited only item, this current disclosure is not captured in the notes to the statutory financial statements and cannot be quantified or compared. This disclosure would only be noted by the domestic regulator as part of their review of the audit report. **With the discussions of IMR, and the focus of fixed-income sales separately from fixed-income maturities, this agenda item proposes to revise and expand this existing disclosure so that it is included within the statutory financial statements. With the revisions, the disclosure will continue to identify sales proceeds and realized gains and losses but has been expanded to also separately capture this information for maturities. Additionally, the disclosure is proposed to be added to SSAP No. 2 and SSAP No. 21 to include all debt securities regardless of reporting location. A disclosure template has been proposed to allow for data-capture within the statutory financial statements. With these revisions, this item has been removed as a distinct component of the annual audit report. (Meaning, it will no longer be identified as “annual audited only.”) With inclusion in the statutory notes the disclosure would be subject to audit. Regulator comments are requested on whether this item is needed as a specific component of the audit report.**

#### 2) Bonds By Maturity Date

SSAP No. 26, paragraph 40.f. is an existing disclosure for bonds by maturity date. This disclosure is also required by reference in SSAP No. 2 and SSAP No. 43. This disclosure is identified to be “annual audited only” but is produced from the details captured within Schedule D, Part 1A. (The reference to “annual audited only is a misnomer when it is also captured in a statutory schedule.) **For this disclosure, clarification is proposed that the totals by maturity bucket are required in the annual audit report, with identification that investment details are captured in Schedule D, Part 1A. Additionally, revisions have been proposed to capture a similar statutory and annual audit disclosure, outside of Schedule D, Part 1A, for non-bond debt securities in scope of SSAP No. 21. This maturity timeframe disclosure is proposed to continue as a specific component of the audit report due to the importance of maturity projections in cash flow testing.**

#### 3) Disclosure on Impaired Securities:

The guidance for non-bond debt securities in SSAP No. 21, issuer credit obligations in SSAP No. 26 and asset-backed securities in SSAP No. 43 all have a similar disclosure for impaired securities. However, the disclosure is explicitly required in a separate and distinct note in all interim and annual financial statements under SSAP No. 43, is required in the annual audited financial statements only under SSAP No. 26, and the location/frequency is not identified for non-bond debt securities in SSAP No. 21. **For consistency purposes, this agenda item proposes to expand the existing requirements to capture the unrealized loss position disclosure in the annual statutory financial statements for all debt securities. This proposal would eliminate inclusion as a required quarterly disclosure, with quarterly inclusion only occurring if required pursuant to the preamble provisions. The disclosure proposes a template that captures all debt securities for ease of review. With inclusion in the**

statutory notes to the financial statements this item is subject to audit but is not proposed to be a specific component of the annual audit report. (This annual audit reference removal would be a change for SSAP No. 26 only.) Regulators are requested to provide comments on whether this disclosure should be retained as a required quarterly disclosure. NAIC staff highlights that the fair value disclosure in note 20, including the disclosure of fair value by type of financial instrument, is a required quarterly disclosure. As such, a comparison to the carrying value by investment type reported on the balance sheet to the fair value disclosure may assist regulators that need a comparison to fair value on a quarterly basis for a particular company.

The residual guidance does not have explicit disclosures for unrealized loss positions, and it is proposed that this disclosure be added for residuals accounted for under the AEY method. This disclosure is not needed for residuals under the PE method, as SSAP No. 21 requires OTTI recognition any time fair value is less than amortized cost under the PE method. Hence, for residuals following the PE method for measurement, there should never be instances in which a residual is in an impaired state (fair value is less than amortized cost). **For residuals under the AEY method, the SSAP No. 26 disclosure on information considered in reaching the conclusion that the impairment is not OTTI is also proposed to be included.**

#### 4) Disclosure on OTTI:

The guidance in SSAP No. 43 has the concept of bifurcated impairment, meaning that only the non-interest related decline is recognized as OTTI when the entity does not expect to recover the entire amortized cost basis but they do not intend to sell and they have the intent and ability to hold. For these situations, rather than writing the impaired security down to fair value, the entity recognizes a realized loss for the difference between the amortized cost basis and the present value of the cash flows expected to be collected, discounted at the security's effective interest rate. With the adoption of the non-bond debt security guidance in SSAP No. 21, a reference was made that the reporting entities shall follow the guidance in SSAP No. 43 for calculating amortized cost, for determining and recognizing OTTI, and for allocating unrealized and realized losses between the AVR and IMR. Although the SSAP No. 21 disclosures for non-bond debt securities mirror the disclosures in SSAP No. 43, there is no reference as to the location/frequency of the disclosure and the Annual Statement Instructions only refer to SSAP No. 43. Additionally, the guidance for residuals under the allowable earned yield method follows the same concepts for recognizing OTTI based on the present value of expected cash flows. **For consistency purposes, this agenda item proposes to capture impairment information for non-bond debt securities and residuals under the AEY method in the same location/frequency as the SSAP No. 43 disclosures.**

#### 5) Residual Disclosures

The SSAP No. 21 guidance for residuals does not currently have any explicit disclosures. With the suggestions previously discussed in this agenda item, the disclosure for impaired securities and for OTTI are proposed to be included. In reviewing the other disclosures in SSAP No. 26 and SSAP No. 43, this agenda item also proposes to capture the disclosures for when it is not practicable to estimate fair value in accordance with *SSAP No. 100—Fair Value*. **Additionally, new general interrogatories are proposed to identify whether the company is following the AEY or PE method, and if they are moving from the PE to AEY method.** Under SSAP No. 21, the company's designated measurement method (AEY or PE) should encompass all residuals, unless the company is moving from the PE to AEY method. If moving to the AEY, the reporting entity is to designate a transition date and only apply the AEY method to residuals acquired after that date. Residuals held prior to the transition date shall continue the PE method until they fully mature/terminate or are unwound. (The guidance only permits companies to move from PE to AEY.)

**Existing Authoritative Literature:**

*Note – The timing requirements for disclosures is not as explicit in SSAP No. 26 as it is in SSAP No. 43. For example, SSAP No. 43 is clear which disclosures need to be captured in the interim and annual financial statements, whereas SSAP No. 26 does not include this specification. However, many of the reporting requirements are similar, as the note location for the satisfaction of the disclosure is a required interim and annual disclosure.*

*For ease of review, NAIC staff has identified whether the current instruction is to include in “annual audited only” (AAO), “interim and annual” (I&A), or general “financial statements” (FS). (For this general F/S category, they are not required quarterly but could be included if there are significant changes from the annual disclosure.)*

**Preamble****XI. Financial Statements****A. Annual Financial Statement**

62. Each state requires all insurance companies doing business in that state to file an annual financial statement. All states use the annual statement blank promulgated by the NAIC, but each state retains the authority to make changes in those statements. Changes made by states generally require only supplemental information and do not change the basic financial information.

63. To the extent that disclosures required by a SSAP are made within specific notes, schedules, or exhibits to the annual statement, those disclosures are not required to be duplicated in a separate note. Annual statutory financial statements which are not accompanied by annual statement exhibits and schedules (e.g., annual audit report) shall include all disclosures required by the SSAPs based on the applicability, materiality and significance of the item to the insurer. Certain disclosures, as noted in individual SSAPs, are required in the annual audited statutory financial statements only.

**B. Interim Financial Statements**

64. Interim financial statements, including quarterly statements, shall follow the form and content of presentation prescribed by the domiciliary state for the quarterly financial statements. The NAIC quarterly statement form has been adopted by each state with minor variations as required by certain states.

65. The interim financial information shall include disclosures sufficient to make the information presented not misleading. It may be presumed that the users of the interim financial information have read or have access to the annual statement for the preceding period and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual statement or audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, may be omitted. However disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the insurer. Disclosures shall encompass, for example, significant changes since the end of the period reported on the last annual statement in such items as: statutory accounting principles and practices, estimates inherent in the preparation of financial statements, status of long term contracts, capitalization including significant new borrowings or modifications of existing financial arrangements, and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material noninsurance contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.

**SSAP No. 26—Bonds****Disclosures**

40. The financial statements shall include the following disclosures:
- a. Fair value in accordance with *SSAP No. 100—Fair Value*; **(I&A – 26 & 43)**
  - b. Concentrations of credit risk in accordance with *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures*; **(AAO – 26 & 43)**
  - c. The basis at which the bonds, mandatory convertible securities, and SVO-identified bond ETF investments identified in paragraph 2.d., are stated; **(I&A – 26 & 43)**
  - d. Amortization method for bonds and mandatory convertible securities, and if elected by the reporting entity, the approach for determining the systematic value for SVO-identified securities per paragraph 34. If utilizing systematic value measurement method approach for SVO-identified investments, the reporting entity must include the following information: **(FS – 26 Only)**
    - i. Whether the reporting entity consistently utilizes the same measurement method for all SVO-identified investments<sup>1</sup> (e.g., fair value or systematic value). If different measurement methods are used<sup>2</sup>, information on why the reporting entity has elected to use fair value for some SVO-identified investments and systematic value for others.
    - ii. Whether SVO-identified investments are being reported at a different measurement method from what was used in an earlier current-year interim and/or in a prior annual statement. (For example, if reported at systematic value prior to the sale, and then reacquired and reported at fair value.) This disclosure is required in all interim reporting periods and in the year-end financial statements for the year in which an SVO-identified investment has been reacquired and reported using a different measurement method from what was previously used for the investment. (This disclosure is required regardless of the length of time between the sale/reacquisition of the investments, but is only required in the year in which the investment is reacquired.)
    - iii. Identification of securities still held that no longer qualify for the systematic value method. This should separately identify those securities that are still within the scope of SSAP No. 26 and those that are being reported under a different SSAP.
  - e. For each annual balance sheet presented, the book/adjusted carrying values, fair values, excess of book/carrying value over fair value or fair value over book/adjusted carrying values for each pertinent bond or assets receiving bond treatment, by category and subcategory as reported in annual statement Schedule D, Part 1, Section 1 (Issuer Credit Obligations), and Section 2 (Asset-Backed Securities). **(AAO – 26 & 43)**

<sup>1</sup> As identified in paragraph 35.d., a consistent approach must be followed for all investments designated to use the systematic value method. As such, this disclosure is limited to situations in which a reporting entity uses both fair value and systematic value for reported SVO-identified investments.

<sup>2</sup> The guidance in this statement allows different measurement methods by qualifying investment (CUSIP), but it is anticipated that companies will generally utilize a consistent approach for all qualifying investments.

- f. For the most recent balance sheet, the book/adjusted carrying values and the fair values of bonds and assets in scope of this statement, reported in statutory annual statement Schedule D, Part 1A, due: **(AAO – 26 & 43, but detail are in Schedule D, Part 1A)**
- i. In one year or less (including items without a maturity date which are payable on demand and in good standing);
  - ii. After one year through five years;
  - iii. After five years through ten years;
  - iv. After ten years through twenty years;
  - v. Over 20 years ~~(including items without a maturity date which are either not payable on demand or not in good standing).~~
- (Note: The above tracking/shading reflects editorial revisions proposed in Ref #2024-17EP incorporated to match the Schedule D, Part 1A.)
- g. For each period for which results of operations are presented, the proceeds from sales of bonds and assets in scope of this Statement and gross realized gains and gross realized losses on such sales. **(AAO – 26 & 43. SSAP No. 43 is by reference.)**
- h. For each balance sheet presented, all items in scope of this Statement in an unrealized loss position for which other-than-temporary declines in value have not been recognized: **(AAO – 26, I&A – 43)**
- i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and
  - ii. The aggregate related fair value of bonds with unrealized losses.
- i. The disclosures in paragraphs 40.h.i. and 40.h.ii. should be segregated by items that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. **(AAO – 26, I&A – 43)**
- j. As of the most recent balance sheet date presented, additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary. **(AAO – 26 & 43)**
- k. When it is not practicable to estimate fair value in accordance with SSAP No. 100, the investor should disclose the following additional information, if applicable, as of each date for which a statement of financial position is presented in its annual financial statements: **(AAO – 26 & 43)**
- i. The aggregate carrying value of the investments not evaluated for impairment, and
  - ii. The circumstances that may have a significant adverse effect on the fair value.
- l. For securities sold, redeemed or otherwise disposed as a result of a call or tender offer feature (including make-whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee. **(FS – 26 & 43)**

41. Refer to the Preamble for further discussion regarding disclosure requirements. **The disclosures in paragraphs 40.b., 40.c., 40.f., 40.g., 40.h., 40.i., 40.j. and 40.k. shall be included in the annual audited statutory financial reports only.**

**SSAP No. 43—Asset-Backed Securities**

**Disclosures**

44. In addition to the disclosures required for invested assets in general, the following disclosures regarding asset-backed securities shall be made in the financial statements. **Regardless of the allowances within paragraph 63 of the Preamble, the disclosures in paragraph 44.f., 44.g. and 44.h. of this statement are required in separate, distinct notes to the financial statements:**
- a. Fair values in accordance with SSAP No. 100—Fair Value. **(FS – 26 & 43)**
  - b. Concentrations of credit risk in accordance with SSAP No. 27; **(AAO – 26 & 43)**
  - c. Basis at which the asset-backed securities are stated; **(FS – 26, I&A - 43)**
  - d. The adjustment methodology used for each type of security (prospective or retrospective); **(I&A – 43 Only)**
  - e. Descriptions of sources used to determine prepayment assumptions. **(I&A – 43 Only)**
  - f. All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment: (1) intent to sell, (2) inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or (3) present value of cash flows expected to be collected is less than the amortized cost basis of the security. **(I&A – 43 Only)**
  - g. For each security with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities: **(I&A – 43 Only)**
    - i. The amortized cost basis, prior to any current-period other-than-temporary impairment.
    - ii. The other-than-temporary impairment recognized in earnings as a realized loss.
    - iii. The fair value of the security.
    - iv. The amortized cost basis after the current-period other-than-temporary impairment.
  - h. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains): **(AAO – 26, I&A – 43)**
    - i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and
    - ii. The aggregate related fair value of securities with unrealized losses.

- i. The disclosures in (i) and (ii) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. (AAO – 26, I&A – 43)
  - j. Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary. (AAO – 26 & 43)
  - k. When it is not practicable to estimate fair value, the investor should disclose the following additional information, if applicable: (AAO – 26 & 43)
    - i. The aggregate carrying value of the investments not evaluated for impairment, and
    - ii. The circumstances that may have a significant adverse effect on the fair value.
  - l. For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee. (FS – 26 & 43)
  - m. The items in the scope of this statement are also subject to the annual audited disclosures in *SSAP No. 26—Bonds*, paragraphs. 40.e., 40.f. and 40.g. (AAO – 26 & 43)
45. Refer to the Preamble for further discussion regarding disclosure requirements. **All disclosures within this statement, except disclosures included in paragraphs 44.b., 44.k. and 44.m., shall be included within the interim and annual statutory financial statements.** Disclosure requirements in paragraphs 44.b., 44.k. and 44.m. are required in the annual audited statutory financial statements only.

**SSAP No. 21—Other Admitted Assets (Non-Bond Debt Securities)**

25. Debt securities that do not qualify as bonds in the scope of this statement shall follow the guidance in SSAP No. 43 for calculating amortized cost, for determining and recognizing other-than-temporary impairments and for allocating unrealized and realized gains and losses between the asset valuation reserve (AVR) and interest maintenance reserve (IMR).
26. Investment income shall be recorded, with assessments for collectability and nonadmittance completed and recognized, pursuant to *SSAP No. 34—Investment Income Due and Accrued*.
27. Securities captured within this section shall be included in all invested asset disclosures, along with the following disclosures:
- a. Fair values in accordance with SSAP No. 100—Fair Value.
  - b. Concentrations of credit risk in accordance with SSAP No. 27.
  - c. Basis at which the securities are stated.
  - d. The adjustment methodology used for each type of security (prospective or retrospective).
  - e. Descriptions of sources used to determine prepayment assumptions.
  - f. All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary



impairment: (1) intent to sell, (2) inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or (3) present value of cash flows expected to be collected is less than the amortized cost basis of the security.

- g. For each security with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:
  - i. The amortized cost basis, prior to any current-period other-than-temporary impairment.
  - ii. The other-than-temporary impairment recognized in earnings as a realized loss.
  - iii. The fair value of the security.
  - iv. The amortized cost basis after the current-period other-than-temporary impairment.
- h. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
  - i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and,
  - ii. The aggregate related fair value of securities with unrealized losses.
- i. The disclosures in (i) and (ii) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100.
- j. Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.
- k. When it is not practicable to estimate fair value, the investor should disclose the following additional information, if applicable:
  - i. The aggregate carrying value of the investments not evaluated for impairment, and,
  - ii. The circumstances that may have a significant adverse effect on the fair value.
- l. For securities sold, redeemed, or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee.

#### **SSAP No. 21—Other Admitted Assets (Residuals)**

There is no explicit disclosure section for residuals. Paragraph 35.c. addresses the disclosure requirement when transitioning from the practical expedient to the allowable earned yield method. The guidance for assessing and recognizing OTTI is also included:

35. Reporting entities may elect a practical expedient in lieu of the Allowable Earned Yield detailed in paragraphs 33-34 and calculate Book/Adjusted Carrying Value (BACV) such that all distributions received are treated as a reduction in BACV. With this approach, the reporting entity will not recognize any interest or investment income until the residual tranche has a BACV of zero. Once the residual has a zero BACV, distributions received shall be recognized as interest income.

- a. Reporting entities applying the practical expedient shall continue to report residuals on Schedule BA, including those with a zero BACV. Any subsequent distributions shall be reported as interest income until the structure matures/terminates, is unwound, or no longer meets the definition of a residual.
- b. Reporting entities are required to apply the practical expedient to all residuals held.
- c. **Reporting entities that wish to discontinue use of the practical expedient approach and move towards the Allowable Earned Yield method are required to specify and disclose an explicit transition date, and only apply the Allowable Earned Yield method to residuals acquired after that date. Residuals held prior to the disclosed accounting method transition date shall continue to follow the practical expedient until those residuals mature/terminate or are unwound.**

36. Residuals shall be assessed for other-than-temporary impairment (OTTI) on an ongoing basis, with required assessment anytime that fair value is less than the reported value.

- a. For residuals measured using the Allowable Earned Yield method, as detailed in paragraphs 33-34, **an OTTI shall be considered to have occurred if the present value of expected cash flows discounted by the Allowable Earned Yield, is less than amortized cost.** Upon identification of an OTTI, the reporting entity shall recognize a realized loss equal to the difference between the amortized cost and the present value of expected cash flows, with the present value of expected cash flows becoming the new amortized cost to which the Allowable Earned Yield is applied. After the OTTI is recognized, distributions received from the residual shall continue to be recorded in accordance with paragraphs 33-34. Subsequent recoveries in cash flows shall not result in increases to the amortized cost.
- b. **For residuals measured under the practical expedient, as detailed in paragraph 35, an OTTI shall be considered to have occurred if the fair value of the residual is less than the BACV. The reporting entity shall recognize a realized loss equal to the difference between the fair value and the BACV, with the fair value becoming the new BACV.** After the OTTI is recognized, distributions received from the residual shall continue to be recorded in accordance with paragraph 35. Subsequent recoveries in cash flows shall not result in increases to the BACV.

**SSAP No. 2—Cash, Cash Equivalents, Drafts and short-Term Investments****Disclosures**

18. The following disclosures shall be made for short-term investments in the financial statements:
- a. Fair values in accordance with *SSAP No. 100—Fair Value*;
  - b. Concentrations of credit risk in accordance with *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures*;
  - c. Basis at which the short-term investments are stated.
  - d. The items in the scope of this statement are also subject to the annual audited disclosures in *SSAP No. 26—Bonds*, paragraph 40.f.
  - e. Identification of cash equivalents (excluding money market mutual funds as detailed in paragraph 8) and short-term investments (or substantially similar investments), which remain on the same reporting schedule for more than one consecutive reporting period. This disclosure is satisfied by use of a designated code in the investment schedules of the statutory financial statements.

**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):** N/A

**Staff Recommendation:**

NAIC staff recommend that the Working Group move this item to the active listing as a SAP clarification and expose SSAP and Annual Statement reporting revisions as illustrated within with a proposed effective date of December 31, 2026. With exposure, NAIC staff recommends that the Working Group sponsor a blanks proposal.

The proposed revisions intend to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures. The edits also propose to include disclosures for residuals that identify the company's measurement method, whether the company is transitioning from the PE to the AEY method, and for those following the AEY method, information comparable to SSAP No. 43 for when an OTTI has (or has not) been recognized for impaired securities. The proposed revisions also converge and clarify language across SSAPs and/or remove references that implies quarterly reporting when the disclosure is annual audited only.

Although the revisions may be limited to specific disclosures or the guidance for reporting frequency, the entire disclosure section of each impacted SSAP has been included for a comprehensive review:

**2025 Summer National Meeting Proposed Revisions:**

*(Note – NAIC staff has identified (as shaded/parenthetical text) the location/frequency of each note for ease of review. These references will not be included in the final adopted SSAP.)*

**SSAP No. 26—Bonds****Disclosures**

40. The financial statements shall include the following disclosures:

- a. Fair value in accordance with SSAP No. 100—Fair Value; *(Note 20 – Required Quarterly.)*
- b. Concentrations of credit risk in accordance with SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures; *(Annual Audited Only.)*
- c. The basis at which the bonds, mandatory convertible securities, and SVO-identified bond ETF investments identified in paragraph 2.d., are stated; *(Note 1C(2) Required Quarterly.)*
- d. Amortization method for bonds and mandatory convertible securities, and if elected by the reporting entity, the approach for determining the systematic value for SVO-identified securities per paragraph 34. If utilizing systematic value measurement method approach for SVO-identified investments, the reporting entity must include the following information: *(Note 1C(2) Required Quarterly.)*
  - i. Whether the reporting entity consistently utilizes the same measurement method for all SVO-identified investments<sup>3</sup> (e.g., fair value or systematic value). If different measurement methods are used<sup>4</sup>, information on why the reporting entity has elected to use fair value for some SVO-identified investments and systematic value for others.
  - ii. Whether SVO-identified investments are being reported at a different measurement method from what was used in an earlier current-year interim and/or in a prior annual statement. (For example, if reported at systematic value prior to the sale, and then reacquired and reported at fair value.) This disclosure is required in all interim reporting periods and in the year-end financial statements for the year in which an SVO-identified investment has been reacquired and reported using a different measurement method from what was previously used for the investment. (This disclosure is required regardless of the length of time between the sale/reacquisition of the investments, but is only required in the year in which the investment is reacquired.)
  - iii. Identification of securities still held that no longer qualify for the systematic value method. This should separately identify those securities that are still within the scope of SSAP No. 26 and those that are being reported under a different SSAP.

<sup>3</sup> As identified in paragraph 35.d., a consistent approach must be followed for all investments designated to use the systematic value method. As such, this disclosure is limited to situations in which a reporting entity uses both fair value and systematic value for reported SVO-identified investments.

<sup>4</sup> The guidance in this statement allows different measurement methods by qualifying investment (CUSIP), but it is anticipated that companies will generally utilize a consistent approach for all qualifying investments.

- e. ~~For each annual balance sheet presented, t~~The book/adjusted carrying values, fair values, excess of book/carrying value over fair value or fair value over book/adjusted carrying values for each pertinent bond or assets receiving bond treatment, by category and subcategory as reported in annual statement Schedule D, Part 1, Section 1 (Issuer Credit Obligations), and Section 2 (Asset-Backed Securities). *(Annual Audited Only.)*
- f. ~~For the most recent balance sheet, the~~The book/adjusted carrying values and the fair values of bonds and assets in scope of this statement, reported in statutory annual statement Schedule D, Part 1A, due in accordance with the maturity timeframes below. A summary presentation divided by maturity timeframe with the aggregate BACV and fair value is required in the annual audited report. *÷ (Schedule D, Part 1A with Summary in Annual Audited Report. Currently noted as Annual Audited Only.)*
  - i. In one year or less (including items without a maturity date which are payable on demand and in good standing);
  - ii. After one year through five years;
  - iii. After five years through ten years;
  - iv. After ten years through twenty years;
  - v. Over 20 years.
- g. ~~For each period for which results of operations are presented, t~~Separately report the proceeds from sales and maturities of bonds and assets in scope of this Statement and the resulting gross realized gains and ~~gross realized losses on such sales.~~ *(Proposed New Note 5D(6). Previously Annual Audit Only Focused on Sales.)*
- h. ~~For each balance sheet presented, a~~All impaired items in scope of this Statement (fair value is less than amortized cost) ~~in an unrealized loss position~~ for which an other-than-temporary impairment has not been recognized as a realized loss ~~declines in value have not been recognized.~~ This disclosure shall include all impaired securities, including those reported at fair value (where the unrealized loss is recognized) and those reported at amortized cost (where the unrealized loss is not recognized): *(Added to Note 5D(4). Previously Annual Audit Only in SSAP No. 26.)*
  - i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and
  - ii. The aggregate related fair value of bonds with unrealized losses.
- i. The disclosures in paragraphs 40.h.i. and 40.h.ii. should be segregated by items that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. *(Added to Note 5D(4). Previously Annual Audit Only in SSAP No. 26.)*
- j. ~~As of the most recent balance sheet date presented,~~For the impaired items identified in paragraph 40.h., additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the

impairments are not other-than-temporary. *(Will be captured in Note 5D(5). No revisions to note needed. Previously Annual Audit Only in SSAP No. 26.)*

- k. When it is not practicable to estimate fair value in accordance with SSAP No. 100, the investor should disclose the following additional information, if applicable, as of each date for which a statement of financial position is presented in its annual financial statements: *(Annual Audited Only.)*
  - i. The aggregate carrying value of the investments not evaluated for impairment, and
  - ii. The circumstances that may have a significant adverse effect on the fair value.
- l. For securities sold, redeemed or otherwise disposed as a result of a call or tender offer feature (including make-whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee. *(Note 5Q)*

41. Refer to the Preamble for further discussion regarding disclosure requirements. The disclosures in paragraphs 40.b., 40.e., ~~40.f., 40.g., 40.h., 40.i., 40.j.~~ and 40.k. shall be included in the annual audited statutory financial reports only. The disclosure in paragraph 40.f. is detailed within Schedule D, Part 1A, but a summary presentation divided by maturity timeframe is required in the annual audited statutory financial report. The disclosures in paragraphs 40.a., 40.c., and 40.d. are required in all quarterly and annual financial statements.

*(Note: Paragraph 40.f is deleted from annual audited only as it is satisfied by Schedule D, Part 1A, which is a quarterly and annual schedule.)*

## SSAP No. 43—Asset-Backed Securities

- 44. In addition to the disclosures required for invested assets in general, the following disclosures regarding asset-backed securities shall be made in the financial statements. Regardless of the allowances within paragraph 63 of the Preamble, the disclosures in paragraph 44.~~f.i.~~, 44.~~g.i.~~ and 44.~~h.k.~~ of this statement are required in separate, distinct notes to the financial statements:
  - a. Fair values in accordance with SSAP No. 100—Fair Value. *(Note 20 – Required Quarterly.)*
  - b. Concentrations of credit risk in accordance with SSAP No. 27; *(Annual Audited Only.)*
  - c. Basis at which the asset-backed securities are stated; *(Note 1C(6) Required Quarterly.)*
  - d. The adjustment methodology used for each type of security (prospective or retrospective); *(Note 1C(6) Required Quarterly.)*
  - e. Descriptions of sources used to determine prepayment assumptions. *(Note 5(D)1 Required Quarterly.)*
  - f. The book/adjusted carrying values, fair values, excess of book/carrying value over fair value, or fair value over book/adjusted carrying values for each pertinent asset-backed security receiving bond treatment, by category and subcategory as reported in annual statement Schedule D, Part 1, Section 1 (Issuer Credit Obligations), and Section 2 (Asset-

Backed Securities). *(Annual Audited Only. Not New. Previously required by reference to SSAP No. 26 in SSAP No. 43, old paragraph 43.m.)*

- g. The book/adjusted carrying values and the fair values of asset-backed securities in scope of this statement, reported in statutory annual statement Schedule D, Part 1A, due in accordance with the maturity timeframes below. A summary presentation divided by maturity timeframe with the aggregate BACV and fair value is required in the annual audited report. *(Schedule D, Part 1A with Summary in Annual Audited Report. Not new. Previously Required by Reference to SSAP No. 26 in SSAP No. 43, old paragraph 43.m.)*
  - i. In one year or less (including items without a maturity date which are payable on demand and in good standing);
  - ii. After one year through five years;
  - iii. After five years through ten years;
  - iv. After ten years through twenty years;
  - v. Over 20 years.
- h. Separately report the proceeds from sales and maturities of asset-backed securities in scope of this Statement and the resulting gross realized gains and losses. *(Proposed New Note 5D(6). Previously Annual Audit Only Required by Reference to SSAP No. 26.)*
- ~~f.~~i. All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment: (1) intent to sell, (2) inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or (3) present value of cash flows expected to be collected is less than the amortized cost basis of the security. *(Note 5(D)2 & 3 – Required Quarterly)*
- ~~g.~~i. For each security with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities: *(Note 5(D) 3 – Required Quarterly)*
  - i. The amortized cost basis, prior to any current-period other-than-temporary impairment.
  - ii. The other-than-temporary impairment recognized in earnings as a realized loss.
  - iii. The fair value of the security.
  - iv. The amortized cost basis after the current-period other-than-temporary impairment.
- ~~h.~~k. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized ~~in earnings~~ as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains). This disclosure shall include all impaired securities, including those reported at fair value

(where the unrealized loss is recognized) and those reported at amortized cost (where the unrealized loss is not recognized): (Note 5(D) 4 a & b – Previously Required Quarterly. Proposed to follow Preamble rules for interim disclosure.)

- i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and
- ii. The aggregate related fair value of securities with unrealized losses.

~~i.l.~~ The disclosures in 44.k.i and 44.k.ii above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. *(Note 5(D)4a&b – Previously Required Quarterly. Proposed to follow Preamble for Interim Reporting.)*

~~j.m.~~ For the impaired items identified in paragraph 40.k., A additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary. *Note 5(D) 5 – Previously Required Quarterly Proposed to follow Preamble for Interim Reporting.))*

~~k.n.~~ When it is not practicable to estimate fair value, the investor should disclose the following additional information, if applicable: *(Annual Audited Only)*

- i. The aggregate carrying value of the investments not evaluated for impairment, and
- ii. The circumstances that may have a significant adverse effect on the fair value.

~~l.o.~~ For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee. *(Note 5Q)*

~~m. The items in the scope of this statement are also subject to the annual audited disclosures in SSAP No. 26—Bonds, paragraphs. 40.e., 40.f. and 40.g.~~

45. Refer to the Preamble for further discussion regarding disclosure requirements. Disclosures in paragraphs 44.a., 44.c., 44.d., 44.e., 44.i., and 44.j. are required in all interim and annual financial statements. All disclosures within this statement, except disclosures included in paragraphs 44.b., 44.k. and 44.m., shall be included within the interim and annual statutory financial statements. Disclosure requirements in paragraphs 44.b. 44.f., and, 44.k. and 44.m. are required in the annual audited statutory financial statements only. The disclosure in paragraph 44.g. is detailed within Schedule D, Part 1A, but a summary presentation divided by maturity timeframe is required in the annual audited statutory financial report.



**SSAP No. 21—Other Admitted Assets****Non-Bond Debt Securities:**

27. Securities captured within this section shall be included in all invested asset disclosures, along with the following disclosures:

- a. Fair values in accordance with SSAP No. 100—Fair Value. *(Note 20 – Required Quarterly.)*
- b. Concentrations of credit risk in accordance with SSAP No. 27. *(Annual Audited Only)*
- c. Basis at which the securities are stated. *(Added to Note 1C(6) Required Quarterly.)*
- d. The adjustment methodology used for each type of security (prospective or retrospective). *(Added to Note 1C(6) Required Quarterly.)*
- e. Descriptions of sources used to determine prepayment assumptions. *(Added to Note 5(D)1 Required Quarterly.)*
- f. The book/adjusted carrying values and the fair values of non-bond debt securities in scope of this statement due in accordance with the maturity timeframes below. *(Annual Audited Only. Non-Bond Debt Securities are Not in Schedule D, Part 1A.)*
  - i. In one year or less (including items without a maturity date which are payable on demand and in good standing);
  - ii. After one year through five years;
  - iii. After five years through ten years;
  - iv. After ten years through twenty years;
  - v. Over 20 years.
- g. Separately report the proceeds from sales and maturities of debt securities in scope of this Statement and the resulting gross realized gains and losses. *(Proposed New Note 5D(6). Added to accompany SSAP No. 26 and SSAP No. 43.)*
- ~~f.~~h. All securities within the scope of this statement with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment: (1) intent to sell, (2) inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or (3) present value of cash flows expected to be collected is less than the amortized cost basis of the security. *(Note 5(D)2 & 3 – Required Quarterly. Added reference to SSAP No. 21 to the A/S instruction & template.)*
- ~~g.~~i. For each security with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities: *(Note 5(D) 3 – Required Quarterly. Added reference to SSAP No. 21 to the A/S instruction and template.)*
  - i. The amortized cost basis, prior to any current-period other-than-temporary impairment.

- ii. The other-than-temporary impairment recognized in earnings as a realized loss.
  - iii. The fair value of the security.
  - iv. The amortized cost basis after the current-period other-than-temporary impairment.
- ~~h.~~i. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized ~~in earnings~~ as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains). This disclosure shall include all impaired securities, including those reported at fair value (where the unrealized loss is recognized) and those reported at amortized cost (where the unrealized loss is not recognized): *(Added to Note 5D(4).)*
- i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and,
  - ii. The aggregate related fair value of securities with unrealized losses.
- ~~i.~~k. The disclosures in 27.j.(i) and 27.j.(ii) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. *(Added to Note 5D(4).)*
- ~~j.~~l. For the impaired items identified in paragraph 27.k., aAdditional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary. *Captured in Note 5D(5). No revisions to note needed.*
- ~~k.~~m. When it is not practicable to estimate fair value, the investor should disclose the following additional information, if applicable: *(Annual Audited Only)*
- i. The aggregate carrying value of the investments not evaluated for impairment, and,
  - ii. The circumstances that may have a significant adverse effect on the fair value.
- ~~l.~~n. For securities sold, redeemed, or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of CUSIPs sold, disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee. *(Note 5Q)*

28. Refer to the Preamble for further discussion regarding disclosure requirements. Disclosures in paragraphs 27.a., 27.c., 27.d., 27.e., 27.h., and 27.i. are required in all interim and annual financial statements. Disclosure requirements in paragraphs 27.b., 27.f., and 27.m. are required in the annual audited statutory financial statements only.

Residuals: (With the addition of paragraph 28, the remaining paragraphs in SSAP No. 21 will be renumbered.)

39. The financial statements shall include the following disclosures. The disclosure in paragraph 39.g. is required in the annual audited statutory financial statements only. The disclosures in paragraphs 38.a., 38.c., and 38.d. shall be included in all interim and annual financial statements.

- a. Fair values in accordance with SSAP No. 100—Fair Value. (Note 20 – Required Quarterly.)
- b. Basis at which the securities are stated and whether the company is in process of transitioning from the practical expedient measurement method to the allowable earned yield measurement method. (New Proposed General Interrogatory for Data Capture.)
- c. If following the allowable earned yield method, for each residual with an other-than-temporary impairment recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities: (Note 5(D)2 & 3 – Required Quarterly. Added reference to SSAP No. 21 residuals held under AEY method to the A/S instruction & template.)
  - i. The amortized cost basis, prior to any current-period other-than-temporary impairment.
  - ii. The other-than-temporary impairment recognized in earnings as a realized loss.
  - iii. The fair value of the security.
  - iv. The amortized cost basis after the current-period other-than-temporary impairment.
- d. If following the allowable earned yield method, the impaired residuals (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains). This disclosure shall include all impaired securities, including those reported at fair value (where the unrealized loss is recognized) and those reported at amortized cost (where the unrealized loss is not recognized): (Added to Note 5D(4).)
  - i. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value) and,
  - ii. The aggregate related fair value of securities with unrealized losses.
- e. The disclosures in paragraphs 39.d.i. and 39.d.ii. should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 100. (Added to Note 5D(4).)
- f. For the impaired items identified in paragraph 39.d., additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary. Captured in Note 5D(5). No revisions to note needed)

- g. When it is not practicable to estimate fair value, the investor should disclose the following additional information, if applicable: (Annual Audited Only)
- i. The aggregate carrying value of the investments not evaluated for impairment, and,
- ii. The circumstances that may have a significant adverse effect on the fair value.

## **SSAP No. 2—Cash, Cash Equivalents, Drafts and short-Term Investments**

### **Disclosures**

18. The following disclosures shall be made for short-term investments in the financial statements:
  - a. Fair values in accordance with SSAP No. 100—Fair Value; (Note 20 – Required Quarterly)
  - b. Concentrations of credit risk in accordance with SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures; (Annual Audited Only)
  - c. Basis at which the short-term investments are stated. (Note 1C(1) Required Quarterly.)
  - d. ~~The items in the scope of this statement are also subject to the annual audited disclosures in SSAP No. 26—Bonds, paragraph 40.f. the~~ The book/adjusted carrying values and the fair values of bonds and assets in scope of this statement, reported in statutory annual statement Schedule D, Part 1A, due in accordance with the maturity timeframes below. A summary presentation divided by maturity timeframe with the aggregate BACV and fair value is required in the annual audited report. ÷ (Schedule D, Part 1A with Summary in Annual Audited Report. Not new. Previously required by reference.)
    - i. In one year or less (including items without a maturity date which are payable on demand and in good standing);
    - ii. After one year through five years;
    - iii. After five years through ten years;
    - iv. After ten years through twenty years;
    - v. Over 20 years.
  - e. Separately report the proceeds from sales and maturities of bonds in scope of this Statement and the resulting gross realized gains and losses. Proposed New Note 5D(6).)
  - ~~d.f.~~ Identification of cash equivalents (excluding money market mutual funds as detailed in paragraph 8) and short-term investments (or substantially similar investments), which remain on the same reporting schedule for more than one consecutive reporting period. This disclosure is satisfied by use of a designated code in the investment schedules of the statutory financial statements.
19. The financial statements shall disclose the reporting entity's share of the cash pool by asset type (cash, cash equivalents or short-term investments).

20. Refer to the Preamble for further discussion regarding disclosure requirements. [Disclosures in paragraphs 18.a., and 18.c. are required in all interim and annual financial statements.](#) The disclosures in paragraph 18.b. ~~and paragraph 18.d. of this statement~~ shall be included in the annual audited statutory financial reports only. [The disclosure in paragraph 18.d. is detailed within Schedule D, Part 1A, but a summary presentation divided by maturity timeframe is required in the annual audited statutory financial report.](#)

#### Annual Statement Instructions / Illustrations:

##### 1) New General Interrogatories: Residual Measurement Method: (Satisfies SSAP No. 21, paragraph 39.b.)

Since all residuals held by a company shall follow the same measurement method unless the company is transitioning from the PE to AEY method, this is proposed to be captured in a new general interrogatory instead of an investment schedule note or disclosure. (By capturing in a GI, the information can be easily aggregated, which is not possible in a narrative note.) Proposed new GIs:

[For residuals, does the company utilize the Practical Expedient or Allowable Earned Yield Method? \(Select one, unless the company is transitioning to the PE to AEY method.\)](#)

[If the company is transitioning from the Practical Expedient to Allowable Earned Yield Method, what is the transition date to apply the AEY method? \(Under SSAP No. 21, residuals acquired prior to the transition date shall continue the PE method, whereas residuals acquired after the transition date shall follow the AEY method.\)](#)

##### 2) Updated Note Disclosures – Note 1

Reference to non-bond debt securities has been added to Note 1C(6):

- (6) Basis at which ~~the loan-backed~~[asset-backed](#) securities [and non-bond debt securities](#) are stated and the adjustment methodology used for each type of security (prospective or retrospective).

##### 3) Updated Note Disclosures – Note 5D

Note 5D has previously been limited to asset-backed securities. The note has been expanded to encompass SSAP No. 26 and SSAP No. 21 for non-bond debt securities and residuals when disclosures are consistent.

##### D. ~~Asset-Backed Securities~~[Debt Securities and Residual Interests](#)

~~For asset-backed securities, disclose the following:~~

- (1) [All securities within the scope of SSAP No. 43—Asset-Backed Securities and as applicable to non-bond debt securities in scope of SSAP No. 21—Other Admitted Assets,](#) ~~D~~descriptions of sources used to determine prepayment assumptions.
- (2) All securities within the scope of SSAP No. 43—Asset-Backed Securities [and non-bond debt securities in scope of SSAP No. 21—Other Admitted Assets](#) with a recognized other-than-temporary impairment, disclosed in the aggregate, classified on the basis for the other-than-temporary impairment:
  - Intent to sell.
  - Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

- (3) For All securities within the scope of SSAP No. 43—Asset-Backed Securities, all non-bond debt securities, and residual interests captured under the allowable earned yield in scope of SSAP No. 21—Other Admitted Assets, Ffor each security, by CUSIP, with an other-than-temporary impairment, recognized in the current reporting period by the reporting entity, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:
- The amortized cost basis, prior to any current-period other-than-temporary impairment.
  - The other-than-temporary impairment recognized in earnings as a realized loss.
  - The fair value of the security.
  - The amortized cost basis after the current-period other-than-temporary impairment.
- (4) For non-bond debt securities and residual interests captured under the allowable earned yield method captured in SSAP No. 21—Other Admitted Assets, and bonds in SSAP No. 26—Bonds and SSAP No. 43—Asset-Backed Securities, Aall impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized ~~in —earnings—~~ as a realized loss (including securities in scope of SSAP No. 21 and SSAP No. 43 with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains). This disclosure shall include all impaired securities, including those reported at fair value (where the unrealized loss is recognized) and those reported at amortized cost (where the unrealized loss is not recognized):
- a. The aggregate amount of unrealized losses (that is, the amount by which cost or amortized cost exceeds fair value); and
  - b. The aggregate related fair value of securities with unrealized losses.
- The disclosures in (a) and (b) above should be segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with *SSAP No. 100—Fair Value*.
- (5) For the impaired items identified in paragraph (4), Aadditional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.
- (6) For bonds captured in SSAP No. 2, SSAP No. 26 and SSAP No. 43, and non-bond debt securities captured in SSAP No. 21—Other Admitted Assets, separately report the proceeds from sales and maturities and the resulting gross realized gains and losses.

**Updated Note Illustrations – Note 5D****D. Debt Securities and Residual Interests~~Asset-Backed Securities~~**

- (1) Prepayment assumptions for asset-backed securities and non-bond debt securities were obtained from broker-dealer survey values or internal estimates.
- (2) For securities in scope of SSAP No. 43 and non-bond debt securities in scope of SSAP No. 21 with a recognized OTTI: *(Template is not new. There are currently no instructions with the existing template.)*

	(1) Amortized Cost Basis Before Other-than- Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss		(3)  Fair Value 1 – (2a + 2b)
		(2a) Interest	(2b) Non-interest	
OTTI recognized 1 <sup>st</sup> Quarter				
a. Intent to sell	\$ _____	\$ _____	\$ _____	\$ _____
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____	\$ _____
c. Total 1 <sup>st</sup> Quarter (a+b)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 2 <sup>nd</sup> Quarter				
d. Intent to sell	\$ _____	\$ _____	\$ _____	\$ _____
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____	\$ _____
f. Total 2 <sup>nd</sup> Quarter (d+e)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 3 <sup>rd</sup> Quarter				
g. Intent to sell	\$ _____	\$ _____	\$ _____	\$ _____
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____	\$ _____
i. Total 3 <sup>rd</sup> Quarter (g+h)	\$ _____	\$ _____	\$ _____	\$ _____
OTTI recognized 4 <sup>th</sup> Quarter				
j. Intent to sell	\$ _____	\$ _____	\$ _____	\$ _____
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	\$ _____	\$ _____	\$ _____	\$ _____
l. Total 4 <sup>th</sup> Quarter (j+k)	\$ _____	\$ _____	\$ _____	\$ _____

(1) Amortized Cost Basis Before Other-than- Temporary Impairment	(2) Other-than-Temporary Impairment Recognized in Loss		(3)  Fair Value 1 – (2a + 2b)
	(2a) Interest	(2b) Non-interest	

m. Annual Aggregate Total (c+f+i+l)

\$ \_\_\_\_\_ \$ \_\_\_\_\_

- (3) For asset-backed securities (ABS) in scope of SSAP No. 43, all non-bond debt securities and residual interests captured under the allowable earned yield in scope of SSAP No. 21 with an other-than-temporary impairment recognized in the current reporting period as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities: (Only reporting lines are new within existing template. There are currently no instructions with the existing template.)

	1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other- Than-Temporary Impairment	5 Amortized Cost After Other-Than- Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
<u>Asset-Backed Securities:</u>							
<u>ABS Total</u>							
<u>Non-Bond Debt Securities:</u>							
<u>Non-Bond Debt Total</u>							
<u>Residuals</u>							
<u>Residual Total</u>							
<u>Aggregate Total</u>		XXX	XXX	\$	XXX	XXX	XXX

NOTE: Each CUSIP should be listed separately each time an OTTI is recognized.

For Securities with amortized cost or adjusted amortized cost:

Column 2 minus Column 3 should equal Column 4

Column 2 minus Column 4 should equal Column 5

- (4) For all debt securities and residual interests measured under the allowable earned yield in scope of SSAP No. 21, and bonds in SSAP No. 26 and SSAP No. 43, all impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains). This disclosure shall include all impaired securities even if reported at fair value with an unrealized loss recognized:



	SSAP No. 26 - ICO	SSAP No. 43 - ABS	SSAP No. 21 – Non-Bond Debt Securities	SSAP No. 21 – Residuals under the Allowable Earned Yield Method	Total – Impaired Debt Securities
Aggregate Amount of Unrealized Losses:					
Less Than 12 Months:					
12 Months or Longer:					
Aggregate Related Fair Value of Securities:					
Less Than 12 Months:					
12 Months or Longer:					

~~a. The aggregate amount of unrealized losses:~~

~~1. Less than 12 Months \$ \_\_\_\_\_~~

~~2. 12 Months or Longer \$ \_\_\_\_\_~~

~~b. The aggregate related fair value of securities  
with unrealized losses:~~

~~1. Less than 12 Months \$ \_\_\_\_\_~~

~~2. 12 Months or Longer \$ \_\_\_\_\_~~

- (5) Additional information should be included describing the general categories of information that the investor considered in reaching the conclusion that the impairments are not other-than-temporary.

(6) For bonds captured in SSAP No. 2, SSAP No. 26 and SSAP No. 43, and non-bond debt securities captured in SSAP No. 21—Other Admitted Assets, separately report the proceeds from sales and maturities and the resulting gross realized gains and losses

	<u>1</u>	<u>2</u> Sales	<u>3</u>		<u>4</u>	<u>5</u> Maturities	<u>6</u>
	Proceeds	Realized Gains	Realized Losses		Proceeds	Realized Gains	Realized Losses
Bonds							
SSAP No. 2							
SSAP No. 26							
SSAP No. 43							
Non-Bond Debt Securities:							
Aggregate Total							

**Staff Review Completed by:** Julie Gann, NAIC Staff—June 2025

#### Status:

On August 11, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures, as illustrated above. As detailed, the exposure also includes disclosures for residuals to identify the company's measurement method, whether the company is transitioning from the practical expedient to the allowable earned yield (AEY) method, and for those following the AEY method, information comparable to SSAP No. 43 for impaired securities. With exposure, the Working Group directed staff to sponsor a blanks proposal with the intent for the disclosure revisions to be in effect for December 31, 2026.

On December 9, 2025, the Statutory Accounting Principles (E) Working Group adopted the exposed revisions to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency

for debt security disclosures. The adoption also included new disclosures for residuals, which included whether the reporting entity is following the practical expedient or allowable earned yield (AEY) method and whether the company is transitioning from the practical expedient to the AEY method. The adopted revisions are shown above, beginning on page 12 under the “2025 Summer National Meeting” exposure. The intent is to have the disclosure revisions to be in effect for December 31, 2026.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A. National Meeting Materials/2025/12-9-25 Fall National Meeting/Adoptions/25-20 - Debt Disclosures.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2025/12-9-25FallNationalMeeting/Adoptions/25-20-DebtDisclosures.docx)