

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

**Issue: Separate Account Nonadmitted Assets**

**Check (applicable entity):**

	P/C	Life	Health
Modification of Existing SSAP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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 present the proposed change to capture nonadmitted assets on the separate account blank for assets held at the general account basis (often referred to as “book-value” separate accounts). This change is proposed for all insulated and non-insulated separate account filings.

The concept to add reporting for nonadmitted assets is driven from the IMR Ad Hoc Group discussions and the assessment of a long-term approach for IMR. Under historical concepts, net negative IMR on the separate account blank was immediately charged to surplus and eliminated from the financial statements. With the provisions permitted in *INT 23-01: Net Negative (Disallowed) IMR*, net negative IMR in the separate account previously charged against surplus is permitted to be reinstated and reported as an admitted asset if the company had not fully reached the 10% admittance limit in the general account. The IMR Ad Hoc group noted that this process is not sustainable as a long-term solution for recognizing IMR in the separate account. If a change was not incorporated to report nonadmitted assets, then assessment would occur on limiting the recognition/admittance of net negative IMR in the separate account to the extent of current year realized losses. Meaning, if a company had exceeded the admittance threshold for the current year, remaining net negative IMR would be charged to surplus, without potential for reinstatement in future years. Whereas, if nonadmitted assets were reported, then net negative IMR that exceeded the admittance threshold could be reported as a nonadmitted asset, with future admittance permitted when the reporting entity goes below the admittance limit.

With the discussion, it was also noted that the “general account basis” separate account assets pertain to general account products that have been segregated within a separate account. The assets backing these products shall be subject to the same admittance provisions as if they were held in the general account. With the current separate account reporting, there is no mechanism to identify whether the assets qualify as admitted assets. The addition of the nonadmitted reporting columns on the balance sheet will enable regulators to identify and assess the presence of nonadmitted assets for these “general account basis” assets. Although the guidance in SSAP No. 56, paragraph 18 indicates that assets that do not qualify for admittance are not permitted in a book value separate account, this restriction may not be realistic with the various admittance requirements. (For example, a previously admittable asset transferred to the separate account could subsequently not qualify for admittance.) Incorporating guidance that requires identification of nonadmitted assets would allow for identification of these assets and be consistent with the general account reporting.

Separate account assets held at fair value generally represent products where the contract holder bears the investment risk, often with investment directives determined by the contract holder. These assets are not proposed to be subject to the nonadmitted reporting requirements.

To incorporate reporting to identify nonadmitted assets in the separate account blank, the following reporting revisions are expected:

- Asset Page – Modification to add “Nonadmitted Assets” and “Net Admitted General Account Assets” as columns 2 & 3 explicitly for column 1 assets reported on the “General Account Basis”. Assets held at the “Fair Value Basis” will be reported as column 4, and the “Total of General Account Admitted and Fair Value” will be column 5.
- Summary of Operations – A new line 22 will be added for “Change in Nonadmitted Assets” within the surplus account.
- New Page – “Exhibit of Nonadmitted Assets” – This will detail the current and prior total nonadmitted assets, and the change in nonadmitted assets. This page is consistent with what is reported on the life blank for nonadmitted assets.

A review of instances in which nonadmitted amounts are reported on the general account life blank was completed and the following items were noted, resulting in a conclusion that additional separate account blank revisions are not needed:

- Each separate account investment schedule “Verification Between Years” already includes the “deduct total nonadmitted assets” reporting line consistent with the general account life blank.
- The separate account preferred stock and common stock schedules (Schedule D-2-1 and Schedule D-2-2) already captures nonadmitted declared and unpaid dividends consistent with the general account life blank.
- The general account Schedule D-6-1 (Valuation of Shares of Subsidiary, Controlled or Affiliated Companies) includes a column for the nonadmitted portion, as well as a footnote for nonadmitted goodwill, but this schedule is identified as not applicable to separate accounts.
- The general account life blank Exhibit 3 – Health Care Receivables includes a nonadmitted column, but this schedule is not captured in the separate account blank.
- The general account life blank includes the 5-Year Historical Data. This page tracks total nonadmitted assets. This schedule is not captured in the separate account blank. For the general account life blank, the amount reported on line 21 (total admitted assets) is explicit that it excludes separate account assets. However, the amount reported on lines 52 (total nonadmitted) & 53 (total admitted) reflect totals that include separate account assets.

#### **Existing Authoritative Literature:**

- ***SSAP No. 4—Assets and Nonadmitted Assets***  
This statement establishes the definition of an asset for use in statutory accounting and establishes the criteria for consistent treatment of admitted assets. This statement is noted to be a common area (all applicable) SSAP.
- ***SSAP No. 56—Separate Accounts***  
This statement establishes principles for accounting and reporting for separate accounts. The statement only addresses limited situations for nonadmittance (uncollected separate account management fees and policy loans.) Revisions added in 2025 (agenda item 2024-10: SSAP No. 56 – Book Value Separate Account) added guidance to better define separate assets permitted to be held in the general account.

- **Various Investment SSAPs**

The various investment SSAPs have provisions required to be met for admittance. Examples include sufficient qualifying collateral for collateral loans in SSAP No. 21 and audited financial statements supporting the equity value under both SSAP No. 48 and SSAP No. 97.

**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):** The following details discussions that have occurred for the IMR project as well as the recent revisions to SSAP No. 56 for book value separate accounts:

- Agenda Item 2023-14: *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve* establishes a broad project to capture accounting guidance for AVR and IMR in SSAP No. 7. The IMR ad hoc group was created from this agenda item and has been meeting regularly since October 2023. In accordance with this agenda item, in August 2025, the Working Group agreed with a resulting conclusion from the IMR Ad Hoc Group to eliminate the concept of hypothetical IMR in the issue paper and proposed edits to SSAP No. 7. Consistent with other IMR topics, when the issue paper and SSAP No. 7 revisions are exposed, future revisions can be considered prior to final adoption and implementation.
- Agenda Item 2023-15: *IMR/AVR Specific Allocations* adopted revisions to the A/S instructions for year-end 2024 to remove the guidance that prescribes the specific allocation of non-interest related losses to IMR. The revisions addressed both mortgage loans and the guidance for debt securities. For debt securities, the guidance directs AVR reporting if there is an acute credit event that negatively impacts the price of the security that has not yet been reflected in the CRP ratings/SVO feed at the time of the sale where the resulting gains/loss was predominantly credit related.
- Agenda Item 2023-29: *IMR / AVR Preferred Stock* adopted revisions to the A/S instructions for year-end 2024 to remove the guidance that directed all preferred stock to be allocated between IMR/AVR based on NAIC designations, and to clarify that perpetual preferred stock as well as all mandatorily convertible preferred stock shall be reported through the AVR.
- Agenda Item 2024-15: *Asset Liability Management Derivatives* was developed to consider new statutory accounting guidance to permit the deferral of realized gains/losses for interest-rate hedging derivatives that do not qualify as effective hedges under *SSAP No. 86—Derivatives*. This item was initially exposed at the 2024 Summer National Meeting, but an extended comment period was provided until November 8, 2024. Then, due to the extent of comments and the complexity of the topic, the Working Group deferred direction to staff to move forward. Further discussion, along with a review of data reported for IMR derivatives is anticipated, before the Working Group directs staff to move forward.
- Agenda Item 2025-13: *IMR Definition* was developed to establish a broad definition of IMR. This definition was “adopted” by the Working Group on August 11, 2025, but consistent with other IMR topics, the definition will be included in the issue paper and revisions to SSAP No. 7, which will also be exposed, and future revisions could be considered prior to final adoption and implementation.
- Agenda item 2024-10: *SSAP No. 56 – Book Value Separate Account*: Revisions adopted February 25, 2025 clarified the measurement guidance, with additional provisions permitting general account basis (“book value”) separate accounts.

**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 new SAP concept and expose revisions to *SSAP No. 56—Separate Accounts* to explicitly address nonadmittance for assets held under “general account basis” in the separate account, and to expose the proposed separate account annual statement revisions to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules. With exposure, it is recommended that the Working Group sponsor a corresponding blanks proposal. These revisions are proposed to be effective January 1, 2027.

**Proposed Revisions to SSAP No. 56:****Measurement of Separate Account Assets**

17. Assets supporting separate account contracts, except for contracts captured in paragraph 18, shall be reported at fair value, as determined under *SSAP No. 100—Fair Value*. Assets held in the separate account that reflect seed money from the general account shall follow all provisions of the SSAP to which the asset would be applicable if held in the general account. Assets that would not qualify for admittance in the general account are not permitted to be used as seed money in the separate account.

18. Assets supporting the following separate account contracts are permitted to be reported as if the assets were held in the general account. This measurement method is referred to as “book value” or general account basis. For these assets, measurement shall follow all provisions of the SSAP to which the asset would be applicable if held in the general account. Although Aassets that ~~would do~~ not qualify for admittance in the general account shall not be transferred to a separate account, as detailed in paragraph 19, assets in the separate account that do not qualify for admittance in the general account are not permitted to be admitted in a book value separate account. Separate account contracts that do not qualify in the following categories are not permitted at book value without a permitted or prescribed practice from the state of domicile.

- a. Assets supporting fund accumulation contracts (GICs), which do not participate in underlying portfolio experience, with a fixed interest rate guarantee, purchased under a retirement plan or plan of deferred compensation or established or maintained by an employer, will be recorded as if the assets were held in the general account.
- b. With approval of the state insurance regulator, assets supporting insulated or non-insulated separate account contracts that are similar to contracts generally found in the general account<sup>1</sup>, but do not directly pass all investment experience of the underlying assets to the policyholder may be recorded as if the assets were held in the general account. Unlike traditional separate account contracts, these contracts do not have investment directives determined by the contract holder and investment performance results are not attributed to a specific contract holder. The general account may serve as an overall backstop or may provide an implied guarantee, although a distinct performance guarantee may not be specified (such as a minimum crediting rate, death benefit, etc.). Examples of contracts expected to be captured within this provision include, but are not

<sup>1</sup> The inclusion of this guidance does not imply support for these contracts within the separate account instead of the general account. The domiciliary state insurance regulator is responsible for assessing and approving separate account contract classification in accordance with state statutes.

limited to, pension risk transfer (PRT) contracts, bank-owned life insurance (BOLI) and registered index-linked annuity (RILA) contracts.

19. [Assets reported on the general account basis \(referred to as “book value”\) detailed in paragraph 18 shall adhere to nonadmitted asset reporting provisions as if the assets were held in the general account. These provisions include compliance with SSAP No. 4—Assets and Nonadmitted Assets, applicable state investment limitations as well as specific statutory provisions detailed throughout the various statements of statutory accounting principles \(SSAPs\) within the NAIC Accounting Practices and Procedures Manual.](#)

#### Separate Account Annual Statement Revisions:

- Asset Page – Modification to add “Nonadmitted Assets” and “Net Admitted General Account Assets” as columns 2 & 3 explicitly for column 1 assets reported on the “General Account Basis”. Assets held at the “Fair Value Basis” will be reported as column 4, and the “Total of General Account Admitted and Fair Value” will be column 5.
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**Staff Review Completed by:** Julie Gann, NAIC Staff—September 2025

#### Status:

On December 9, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to SSAP No. 56 to address nonadmittance for assets held under the “general account basis” in the separate account, and to support the separate account annual statement revisions to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules.

On March 23, 2026, the Statutory Accounting Principles (E) Working Group adopted the exposed revisions to *SSAP No. 56—Separate Accounts*, as illustrated above, to address nonadmittance for assets held under the “general account basis” in the separate account, and to support the separate account annual statement revisions to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules.

<https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2026/03-23-26SpringNationalMeeting/Hearing/02-25-25-SANonadmit.docx>