

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

Issue: SSAP No. 1 Modco/FWH Code

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: The Working Group has recently adopted several changes to reporting of funds withheld and modco arrangements. This agenda item intends to update the required disclosures in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*, in the restricted assets disclosure, to separately show modco and funds withheld assets within the Note 5L disclosures and to add them as a reporting code category within the investment schedules within the annual statement blanks. During the most recent update to Note 5L for restricted assets, these categories had been added to the restricted asset note with the adoption of the Blanks (E) Working Group’s agenda item 2025-06BWG. There are two distinct actions with the agenda item. First, there are draft revisions to the restricted asset disclosure requirements in SSAP No. 1 to add categories for 1) modco assets, 2) funds withheld assets, and 3) collateral assets received and on the balance sheet, excluding collateral held under security lending and repurchase agreements reported on the balance sheet. These three categories had previously been added to the Note 5L disclosure, so this will just get SSAP No. 1 updated to match. Second, this agenda item includes a recommendation to the Blanks (E) Working Group to add these 3 categories into the restricted asset codes that are included in the investment reporting schedules.

Existing Authoritative Literature:

SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures (existing footnotes have been removed to save space.)

23. Reporting entities shall disclose(FN) the following information in the financial statements:
- a. Amounts not recorded in the financial statements that represent segregated funds held for others, the nature of the assets and the related fiduciary responsibilities associated with such assets. One example of such an item is escrow accounts held by title insurance companies; and
 - b. The total combined (admitted and nonadmitted) book adjusted carrying value (BACV) of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category, and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.)(FN) in the general and separate accounts(FN) by the reporting entity in comparison to total assets and total admitted assets. (Pursuant to SSAP No. 4, paragraph 6, all assets pledged as collateral or otherwise restricted shall be reported in this disclosure regardless if the asset is considered an admitted asset.) Reporting entities shall also disclose differences in the amounts reported in this note versus the amounts reported for the same categories in the general interrogatories. This disclosure shall include the following restricted asset categories:
 - i. Reported assets subject to contractual obligation for which liability is not shown;
 - ii. Collateral held under security lending agreements;

- iii. Assets subject to repurchase agreements;
- iv. Assets subject to reverse repurchase agreements;
- v. Assets subject to dollar repurchase agreements;
- vi. Assets subject to dollar reverse repurchase agreements;
- vii. Assets placed under option contracts;
- viii. Letter stock or securities restricted as to sale(FN) – excluding FHLB stock;
- ix. FHLB capital stock;
- x. Assets on deposit with states;
- xi. Assets on deposit with other regulatory bodies;
- xii. Pledged as collateral to the FHLB (including assets backing funding agreements);
- xiii. Assets pledged as collateral not captured in other categories(FN); and
- xiv. Other restricted assets.

Note 5L(1) from the Life/Fraternal Annual Statement Blank, with adoptions from the Blanks (E) Working Group’s agenda item 2025-06BWG, adopted May 29, 2025.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Disclose the total gross (admitted and nonadmitted) book/adjusted carrying value amount of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.) by the reporting entity. Provide the total gross amount of restricted assets (current year, prior year and the change between years), the total admitted of restricted assets and the percentage the restricted asset amount (gross and admitted) is of the reporting entity’s total assets amount reported on Line 28 of the asset page (gross and admitted respectively) by the following categories:

- a. Subject to contractual obligation for which liability is not shown
- b. Collateral held under security lending agreements
- c. Subject to repurchase agreements
- d. Subject to reverse repurchase agreements
- e. Subject to dollar repurchase agreements
- f. Subject to dollar reverse repurchase agreements

- g. Placed under option contracts
- h. Letter stock or securities restricted as to sale – excluding FHLB capital stock
- i. FHLB capital stock
- j. On deposit with states
- k. On deposit with other regulatory bodies
- l. Pledged collateral to FHLB (including assets backing funding agreements)
- m. Pledged as collateral not captured in other categories
- n. Other restricted assets
- o. Collateral Assets Received and on Balance Sheet

Exclude: Collateral under security lending and repurchase agreements reported on balance sheet.
- p. Assets held under Modco Reinsurance Agreements
- q. Assets held under Funds Withheld Reinsurance Agreements
- r. Total restricted assets

Items captured “pledged as collateral not captured in other categories” shall include, but not be limited to, assets pledged under derivative arrangements.

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): There have been several recent updates involving the reporting and disclosure of assets subject to a modco or funds withheld arrangement, and this current agenda item intends to clarify the restricted asset disclosure regarding these assets.

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: Jake Stultz – 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 revisions to SSAP No. 1—*Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23b to add reporting for assets held under a modco and funds withheld arrangements, as illustrated below. These changes had been made previously when the Blanks (E) Working Group adopted blanks agenda item 2025-06BWG in Note 5L, so our recommendation is to add these categories to SSAP No. 1, to include disclosure of 1) modco assets, 2) funds withheld assets, and 3) collateral assets received and on the balance sheet, excluding collateral held under security lending and

repurchase agreements reported on the balance sheet. Staff also recommend that these categories be added to the restricted asset disclosure in the investment schedules, as illustrated below.

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 - b. The total combined (admitted and nonadmitted) book adjusted carrying value (BACV) of restricted assets by category, with separate identification of the admitted and nonadmitted restricted assets by category, and nature of any assets pledged to others as collateral or otherwise restricted (e.g., not under the exclusive control, assets subject to a put option contract, etc.)(FN) in the general and separate accounts(FN) by the reporting entity in comparison to total assets and total admitted assets. (Pursuant to SSAP No. 4, paragraph 6, all assets pledged as collateral or otherwise restricted shall be reported in this disclosure regardless if the asset is considered an admitted asset.) Reporting entities shall also disclose differences in the amounts reported in this note versus the amounts reported for the same categories in the general interrogatories. This disclosure shall include the following restricted asset categories:
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 - iii. Assets subject to repurchase agreements;
 - iv. Assets subject to reverse repurchase agreements;
 - v. Assets subject to dollar repurchase agreements;
 - vi. Assets subject to dollar reverse repurchase agreements;
 - vii. Assets placed under option contracts;
 - viii. Letter stock or securities restricted as to sale(FN) – excluding FHLB stock;
 - ix. FHLB capital stock;
 - x. Assets on deposit with states;
 - xi. Assets on deposit with other regulatory bodies;
 - xii. Pledged as collateral to the FHLB (including assets backing funding agreements);
 - xiii. Collateral assets received and on the balance sheet, excluding collateral held under security lending and repurchase agreements reported on the balance sheet.
 - xiv. Assets held under modco reinsurance agreements.
 - ~~xii.~~xv. Assets held under funds withheld reinsurance agreements.
 - ~~xiii.~~xvi. Assets pledged as collateral not captured in other categories(FN); and

xvii. Other restricted assets.

New codes that will be added to the annual statement blanks and instructions, in the investment schedules:

- CX - Collateral assets received and on the balance sheet, excluding collateral held under security lending and repurchase agreements reported on the balance sheet.
- MR - Assets held under modco reinsurance agreements.
- FWR - Assets held under funds withheld reinsurance agreements.

Status:

On December 9, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23.b to add a reporting code for assets held under a modco and funds withheld arrangements.

On March 23, 2026, the Statutory Accounting Principles (E) Working Group re-exposed this agenda item with a specific request for regulator comments on the use of the restricted asset code in the investment schedules. The discussion identified that the restricted asset code is attributed to the entire reported investment, whereas only a portion of the investment may be restricted, and with substitutability requirements, the asset noted as restricted in the year-end investment schedules may not be the asset restricted subsequently. With the financial statement note disclosures, that identifies the amount of restricted assets by broad category, consideration will occur to delete the restricted asset codes from the investment schedules. However, before proceeding with that potential deletion, confirmation is first requested on any regulatory use and benefits of the codes.

On May 18, 2026, the Statutory Accounting Principles (E) Working Group adopted revisions to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23.b. to add categories to the disclosures for assets held under a modco and funds withheld arrangements; which makes the SSAP No. 1 categories consistent with Note 5(L)1. However, the Working Group deferred recommending that the Blanks (E) Working Group add investment schedule code changes to allow more time to assess whether the restricted asset codes should be retained.

Adopted May 18, 2026

SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures:

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- vi. Assets subject to dollar reverse repurchase agreements;
- vii. Assets placed under option contracts;
- viii. Letter stock or securities restricted as to sale(FN) – excluding FHLB stock;
- ix. FHLB capital stock;
- x. Assets on deposit with states;
- xi. Assets on deposit with other regulatory bodies;
- xii. Pledged as collateral to the FHLB (including assets backing funding agreements);
- [xiii. Collateral assets received and on the balance sheet, excluding collateral held under security lending and repurchase agreements reported on the balance sheet;](#)
- [xiv. Assets held under modco reinsurance agreements;](#)
- ~~xiii~~.[xv. Assets held under funds withheld reinsurance agreements;](#)
- ~~xiv~~.[xvi. Assets pledged as collateral not captured in other categories\(FN\); and](#)
- [xvii. Other restricted assets.](#)

<https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/05-18-2026/Adoptions/25-27 - SSAP 1 ModcoFWH.docx>