

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

**Issue: Reporting Clarifications**

**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 modify and/or clarify reporting for certain investments, particularly for aspects related to debt securities predominantly incorporated with the implementation of the principles-based bond definition. The reporting items within have been identified from questions from insurance reporting entities. Additional items may be added to this agenda item from interested parties’ comments as well as from a review of the 2025 financial statements.

Items initially identified for discussion:

1. Payment Due at Maturity: Current annual statement instruction: *Report Payment Due at Maturity. Include the principal payment (including balloon payments) as well as interest to be paid at maturity.*

This reporting element and instruction is currently in electronic column 20 for both Schedule D-1-1: Issuer Credit Obligations (ICOs) and Schedule D-1-2: Asset-Backed Securities (ABS). Although not explicitly stated in the instructions, the original intent was previously noted to reflect the amount due at maturity at the time of acquisition, without subsequent revisions.

Questions have been raised as to what should be reported as “payment due at maturity” on D-1-1 for issuer credit obligations, and whether this reporting category should only be applicable for certain structures on the ABS schedule. For example, for self-liquidating ABS investments there would be no explicit, separate payment at maturity. For most ICO structures, the amount due at maturity at acquisition is likely par value of the bond.

Proposal: Confirm the intent for the column to be unchanged after the date of investment acquisition, unless additional lots are acquired. If that is confirmed:

- For ABS on D-1-2: Propose limiting the column to items reported as “Financial Asset-Backed Securities – Not Self Liquidating,” “Non-Financial Asset Backed – Practical Expedient” and “Non-Financial Asset Backed – Full Analysis.”
- For ICOs, confirm whether it should reflect the maturity payment for all reporting lines, which could be par. If the investment had expected interest payments at maturity that would be included as well. As an alternative, the reporting on Schedule D-1-1 could be limited to “Single Entity Backed Obligations” to capture situations similar to D-1-2 – where the collateral is likely driving potential final payment.

For ABS, the modifications would limit reporting to items with a greater potential for a distinct final payment, most likely reflecting situations where refinancing or releasing of the underlying collateral is required to

provide final payment due under the debt security. For ICO, revisions would eliminate reporting for most categories. If it is desired for this column to be updated after acquisition, then it could be expanded to more ICO reporting lines to capture situations in which PIK and aggregate deferred interest will be required at maturity. However, those data fields are already separately reflected.

2. Origination Balloon Payment %: Current annual statement instruction: *Include the percentage of balloon payment due at maturity based on the original outstanding principal amount. For example, if the original security had principal repayment of \$100 and \$80 is scheduled to be paid at maturity, the balloon payment percentage at origination is 80%. The balloon percentage shall not be adjusted subsequent to origination regardless of principal reduction or payments in advance of maturity that reduce the outstanding balloon. If there is no balloon payment, then update with 0%.* This reporting column is limited to ABS classified as financial ABS – not self-liquidating, non-financial ABS – practical expedient, and non-financial ABS – full analysis.

Clarification was requested to allow use of “acquisition data” when origination data is not available. Although the initial implementation incorporated such transition provisions, it has been noted that origination data may not be available for companies that acquire bonds on the secondary market (after origination). It was commented that getting the necessary documents for the bond could be challenging depending on the time between original acquisition and when it was acquired on the secondary market.

Proposal: Confirm that origination data shall always be used when available. However, for investments acquired through the secondary market for which origination data cannot be obtained, the reporting entity can utilize acquisition date information.

3. Rated Notes or Rated Feeder Funds: Comment has been received to clarify the reporting location of debt securities from rated notes or rated feeder funds that qualify for bond treatment. This comment noted potential reporting of these items as issuer credit obligations. The reporting line for rated notes or rated feeder funds is not currently defined in existing guidance.

The classification of a debt security as an issuer credit obligation (ICO) is specific to debt securities backed by the general creditworthiness of an operating entity. A rated note or rated feeder fund, by design, would not qualify within those provisions. A rated note or rated feeder fund would need to be assessed as an asset-backed security, which is a structure where the primary source of repayment is derived from cash flows associated with the underlying defined collateral. There is not a common definition for these investments. They typically involve a special purpose vehicle (SPV) holding underlying collateral. The nature of that collateral may vary widely and can be other investment securities, equity interests or limited partnership interests in funds.

Although the holdings of a rated note or rated feeder fund can vary, in simple terms, the insurance company receives rated notes from a debt feeder fund, with payment on the notes contingent on the funds received from the investment holdings within the fund.

Proposal: Consider clarifications to identify that rated notes / rated feeder funds are not expected to qualify as ICOs. Due to potential differences in what can back a rated note / feeder fund, and as the reporting lines focus on the underlying collateral, there is hesitation in designating a specific reporting location. Instead, it is proposed that a new investment characteristic code (for identification in electronic column 23) be developed to identify whether the reported is a rated note / feeder fund.

4. Aggregate Deferred Interest: Current annual statement instruction: *Some investments allow for interest payments to be deferred past the originally scheduled payment date without being considered past due under the agreement terms. Include the amount of interest reported as due and accrued for which the reporting*

*entity has not received within 90 days of the originally scheduled payment date, that has not been nonadmitted under SSAP No. 34—Investment Income Due and Accrued. For the avoidance of doubt, this should also include all accrued interest for investments that pay interest in full less frequently than annually per the agreement terms.*

Clarification for this reporting element was requested particularly for bank loans reported on Schedule D-1-1 as Issuer Credit Obligations. This question originated as it was indicated that it is common for bank loans to accumulate interest from underlying bank loans before paying the holder the interest. The interest accumulation within the bank loan may occur differently from the set payment dates to the holder.

Proposal: Confirm the guidance for bank loans reported as ICOs. This guidance intends to reflect an insurance reporting entity's holding of a fixed-income instrument that represents a portion of a loan to a single borrower issued from a financial institution. Bank loans captured as ICOs are not intended to reflect a structure that is backed by loans to many borrowers. A structure that is backed by many loans, where the underlying loans provide the cash flows to service the debt, shall be captured as an asset-backed security and be captured in scope of SSAP No. 43. With inclusion in SSAP No. 43, such structures would be required to have substantive credit enhancement to qualify for bond reporting.

- With the confirmation of ICO bank loans, the dynamic where the structure accumulates interest from many underlying holders before paying interest to the insurance holder should not occur for bank loans reported on Schedule D-1-1.
- Reporting aggregate deferred interest is based on the agreement between the insurer holder and issuer. If the interest payment is deferred past the scheduled payment date, and not considered past due under the agreement terms, it should be reported as aggregate deferred interest. As noted in the instructions, reported aggregate deferred interest includes all situations in which interest is not paid in full less frequently than annually per the agreement terms. As such, if a bank loan is scheduled to pay interest every 18 months, that interest due would be annually reported as aggregate deferred interest until paid.

5. Schedule BA – Residuals Maturity Date: Clarification has been requested on whether residuals should report a maturity date on Schedule BA. A review of 2024 reporting identified several residuals that were reported without a maturity date. Although the residual absorbs losses first, and may not have contractual principal or interest, it is anticipated that the overall structure would have a maturity date. The instructions require reporting for investments that have a stated maturity date.

Proposal: Confirm that residuals should be reported with the maturity date for the entire structure, although the residual tranche itself may not have contractual terms.

6. Schedule BA – Investments in Joint Ventures, Partnerships or Limited Liability Companies (Including Non-Registered Private Funds) with Underlying Assets Having Characteristics of Mortgage Loans: Current annual statement instruction: *Items in scope of SSAP No. 48 that reflect mortgage obligations. Reporting should be consistent with the detailed property analysis appropriate for the corresponding risk-based capital factor for this investment category. If the requisite details are not available for reporting, report under "Other" subcategory.*

Questions have been received on whether this reporting category can include SSAP No. 48 structures that hold RMBS or CMBS if the reporting entity can look through the RMBS/CMBS structures to complete a detailed property analysis on the mortgages that comprise the securitization structures.

As additional information, the following instructions are included in Schedule BA for SSAP No. 48 investments with underlying characteristics of “Bonds” and in the AVR instructions for “Other Invested Assets with Underlying Characteristics of Mortgage Loans:

- Schedule BA: SSAP No. 48 – Underlying Characteristics of Bonds:  
*Investments in scope of SSAP No. 48 with underlying collateral that has contractual principal and/or interest payments, excluding mortgage loans. Structured Settlement payment rights in scope of SSAP No. 21 that have an SVO- Assigned designation*
- Schedule BA: Residuals – Underlying Characteristics of Bonds:  
*Investments with underlying collateral which, if held individually, would be reported as issuer credit obligations on Schedule D – Part 1 – Section 1, or as asset-backed securities on Schedule D – Part 1 – Section 2. Residual tranches from collateralized loan obligations (CLOs) shall be captured within this reporting line.*
- AVR: Other Invested Assets with Underlying Characteristics of Mortgage Loans:  
*Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to mortgage loans (Lines 2399999 and 2499999), excluding any mortgage-backed and asset-backed securities included in Lines 22 through 28 above, in Columns 1 and 4. Categorize the mortgage loans as indicated in Lines 38 through 55.*

Proposal: Confirm that the intent of the Schedule BA reporting is a single-level look-through. As the SSAP No. 48 structure holds RMBS/CMBS (debt securities), and those items would be assessed as ABS bonds if held directly, then the reporting entity should classify the structure as one with the “underlying characteristics of bonds.” The guidance does not intend to allow insurance reporting entities to do a “double look-through” where they would look through the SSAP No. 48 structure to the RMBS/CMBS and then through the mortgage-backed structure to the underlying mortgage loans. Revisions are proposed to mirror the guidance for residuals backed by bonds, where it is explicit that the “underlying characteristics of bonds” includes debt securities items that would be assessed for bond reporting if held directly. Revisions are also proposed to explicitly exclude debt securities, including RMBS/CMBS, from the SSAP No. 48 reporting category for investments with “underlying characteristics of mortgage loans.”

#### Existing Authoritative Literature:

- **SSAP No. 26—Bonds** (*Guidance for bank loans, emphasizing the intent for a single borrower.*)
  2. In addition to security investments that qualify under the principles-based definition as issuer credit obligations, certain specific instruments are also captured in scope of this statement:
    - b. Bank loans that are obligations of operating entities issued directly by a reporting entity or acquired through a participation, syndication or assignment<sup>1</sup>;

*Footnote 1:* Bank Loan – Fixed-income instruments, representing indebtedness of a borrower, made by a financial institution. Bank loans can be issued directly by a reporting entity or acquired through an assignment, participation or syndication:

- **Assignment** – A bank loan assignment is defined as a fixed-income instrument in which there is the sale and transfer of the rights and obligations of a lender (as assignor) under an existing loan agreement to a new lender (and as assignee) pursuant to an Assignment and Acceptance Agreement (or similar agreement) which effects a novation under contract law, so the new lender becomes the direct creditor of and is in contractual privity with **the borrower** having the sole right to enforce rights under the loan agreement.

- **Participation** – A bank loan participation is defined as a fixed-income investment in which a single lender makes a large loan to a borrower and subsequently transfers (sells) undivided interests in the loan to other entities. Transfers by the originating lender may take the legal form of either assignments or participations. The transfers are usually on a nonrecourse basis, and the originating lender continues to service the loan. The participating entity may or may not have the right to sell or transfer its participation during the term of the loan, depending on the terms of the participation agreement. Loan Participations can be made on a parri-passu basis (where each participant shares equally) or a senior subordinated basis (senior lenders get paid first and the subordinated participant gets paid if there are sufficient funds left to make a payment).
- **Syndication** – A bank loan syndication is defined as a fixed-income investment in which several lenders share in lending to a single borrower. Each lender loans a specific amount to the borrower and has the right to repayment from the borrower. Separate debt instruments exist between the debtor and the individual creditors participating in the syndication. Each lender in a syndication shall account for the amounts it is owed by the borrower. Repayments by the borrower may be made to a lead lender that then distributes the collections to the other lenders of the syndicate. In those circumstances, the lead lender is simply functioning as a servicer and shall not recognize the aggregate loan as an asset. A loan syndication arrangement may result in multiple loans to the same borrower by different lenders. Each of those loans is considered a separate instrument.
- **2025 Annual Statement Instructions:**

*Schedule D-1-1: Issuer Credit Obligations & Schedule D-1-2: Asset-Backed Securities*  
*Schedule BA: Other Invested Assets*  
*Asset Valuation Reserve*

**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 with exposure of the agenda item with a request for comment on the proposed clarifications as detailed in the agenda item. NAIC staff requests comments on the items exposed as well as additional reporting elements for which clarity would improve consistency in reporting. With adoption, propose sponsoring of a blanks proposal to incorporate the clarifications in the annual statement instructions.

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

**Status:**

On December 9, 2025, the Statutory Accounting Principles (E) Working Group exposed this agenda item to modify and/or clarify guidance for the reporting of certain components in the investment schedules, particularly for aspects related to debt securities predominantly incorporated with the implementation of the principles-based bond definition. Reporting entities are requested to identify additional reporting components that could use clarification as they complete the year-end 2025 reporting under the provisions of the bond definition.

On March 23, 2026, the Statutory Accounting Principles (E) Working Group adopted this agenda item which communicates support for sponsoring a blanks proposal to clarify reporting on debt securities and to improve consistency in reporting for the items detailed below: (Tracking shows the revisions that will be incorporated into the Annual Statement Instructions.) The Working Group did not propose revisions for rated notes or feeder funds, aggregate deferred interest or to clarify the reporting of SSAP No. 48 investments on Schedule BA as part of this agenda item. It was noted that clarification of the SSAP No. 48 reporting, particularly based on the underlying characteristics of the SSAP No. 48 investments, will be included as part of agenda item 2025-26: SSAP No. 48 Equity Changes. This agenda item did not result in any SSAP revisions.

Supported Revisions to the Annual Statement Instructions / Reporting:

- **Payment Due at Maturity:** Report [the contractual](#) payment due at [the legal](#) maturity [date](#). Include the final principal payment (including balloon payments) as well as interest to be paid at maturity. [The amount reported at acquisition shall not be subsequently revised unless additional lots are purchased or if lots are sold. If there is no contractual amount to be paid at legal maturity, report zero.](#)

Incorporate guidance to the blanks to limit the reporting of this data element as follows:

- For ABS on D-1-2: Limit the column to items reported as “Financial Asset-Backed Securities – Not Self Liquidating,” “Non-Financial Asset Backed – Practical Expedient” and “Non-Financial Asset Backed – Full Analysis.”
- For ICOs on D-1-1: Limit the reporting to items reported as “Single Entity Backed Obligations”.
- **Origination Balloon Payment %:** Include the percentage of [contractual](#) balloon payment due at [legal](#) maturity based on the original outstanding principal amount. For example, if the original security had principal repayment of \$100 and \$80 is scheduled to be paid at maturity, the balloon payment percentage at origination is 80%. [Origination date information shall be used when available. For instruments purchased on the secondary market, for which origination date information is not available, the information available as of the acquisition date may be used using best efforts to obtain data.](#) The balloon percentage shall not be adjusted subsequent to origination regardless of principal reduction or payments in advance of maturity that reduce the outstanding balloon. If there is no balloon payment, then **update** [report](#) with 0%.

(This category is only applicable to items reported as financial ABS that are not self-liquidating, non-financial ABS reported under the practical expedient and non-financial ABS under full analysis. There are no proposed changes to the applicable categories.)

- **Schedule BA Maturity Date:** The maturity date shall be reported for all investments on Schedule BA that have a [contractual](#), stated maturity date. This is anticipated to include, but not limited to, all investments captured as non-bond debt securities, surplus notes, capital notes, collateral loans, non-collateral loans, and investments in tax credits. However, this list should not be considered all-inclusive for investments captured on other reporting lines with stated maturity dates.