

**NAIC Accounting Practices and Procedures Manual  
Editorial and Maintenance Update  
2026 Spring National Meeting**

Maintenance updates provide revisions to the *Accounting Practices and Procedures Manual* (Manual), such as editorial corrections, reference changes and formatting.

SSAP/Appendix	Description/Revision
SSAP No. 15 SSAP No. 52	<p><b><i>SSAP No. 15—Debt and Holding Company Obligations</i></b> <b><i>SSAP No. 52—Deposit-Type Contracts</i></b></p> <p>Delete the word “Funding” at the beginning of the paragraph that describes FHLB agreements. Only FHLB agreements that are deposit-type contracts shall be captured as “funding agreements.” This has caused confusion with reporting. As noted in both paragraphs, agreements in debt form are captured in SSAP No. 15.</p>
Various	<p><b><i>Revise “CUSIP” to “Security Identifier”</i></b></p> <p>As investments are reported using other indicators besides a CUSIP (e.g., CINS, PPN, ISIN, etc.), an initiative is to replace terminology to reflect “Security Identifier” to reflect all possible sources.</p>
Various	<p>Revisions to add “U.S.” before generally accepted accounting principles or GAAP as appropriate.</p>

**Staff Recommendation:**

NAIC staff recommend that the Statutory Accounting Principles (E) Working Group move this agenda item to the active listing, categorize as a SAP clarification, and expose editorial revisions as illustrated within.

**1. *SSAP No. 15—Debt and Holding Company Obligations and SSAP No. 52—Deposit-Type Contracts:***

Delete the word “funding” at the beginning of the paragraph. Only FHLB agreements that are deposit-type contracts shall be captured as “funding agreements.”

***SSAP No. 15—Debt and Holding Company Obligations:***

19. ~~Funding~~ aAgreements issued to a federal home loan bank (FHLB) shall be evaluated on an individual basis, and shall be accounted for according to the substance of the individual arrangement and entity licensing. If the arrangement is in substance a funding agreement, including that the funds are used in an investment spread capacity, it shall be accounted for consistent with other funding agreements in accordance with *SSAP No. 52—Deposit-Type Contracts*. If the arrangement is in substance a borrowing agreement, it shall be accounted for in accordance with this statement, consistent with other borrowed money.

***SSAP No. 52—Deposit-Type Contracts:***

17. ~~Funding a~~Agreements issued to a Federal Home Loan Bank (FHLB) shall be evaluated on an individual basis and shall be accounted for according to the substance of the individual arrangement and entity licensing. If the arrangement is in substance a funding agreement, including that the funds are used in an investment spread capacity, it shall be accounted for consistent with other funding agreements in accordance with this statement. If the arrangement is in substance a borrowing agreement, it shall be accounted for in accordance with *SSAP No. 15—Debt and Holding Company Obligations*, consistent with other borrowed money.

**2. Various SSAP Reference to Replace CUSIP with Security Identifier:**

***SSAP No. 21—Other Admitted Assets: Paragraph 27.n.***

27.n. For securities sold, redeemed, or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of ~~investments~~CUSIPs sold (by Security Identifier), 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. 26—Bonds: Paragraphs 35.b. & 35.c., 40.I., footnote 23, and Exhibit B Table Header:***

35.b. Designated use of a systematic value is an irrevocable election per qualifying investment (by ~~Security Identifier~~CUSIP) at the time investment is originally acquired<sup>19</sup>. Investments owned prior to being identified by the SVO as a qualifying SSAP No. 26 investment are permitted to be subsequently designated to the systematic value measurement method. This designation shall be applied as a change in accounting principle pursuant to SSAP No. 3—Accounting Changes and Corrections of Errors, which requires the reporting entity to recognize a cumulative effect to adjust capital and surplus as if the systematic value measurement method had been applied retroactively for all prior periods in which the investment was held. The election to use systematic value for investments shall be made before the yearend reporting of the investment in the year in which the SVO first identifies the investment as a qualifying SSAP No. 26 investment.

35.c. Once designated for a particular investment, the systematic value measurement method must be retained as long as the qualifying investment is held by the reporting entity and the investment remains within the scope of this statement with an allowable NAIC designation per paragraph 35.a. Upon a full sale/disposal of an SVO-identified investment (elimination of the entire ~~CUSIP~~ Security Identifier investment), after 90 days the reporting entity can reacquire the SVO-identified investment and designate a different measurement method. If the reporting entity was to reacquire the same investment within 90 days after it was sold/disposed, the reporting entity must utilize the measurement method previously designated for the investment. Subsequent/additional purchases of the same SVO-identified investment (same ~~CUSIP~~Security Identifier) already held by a reporting entity must follow the election previously made by the reporting entity. If an investment no longer qualifies for a systematic value measurement because the NAIC designation has declined, then the security must be subsequently reported at the lower of “systematic value” or fair value. If the security has been removed from the SVO-identified listings, and is no longer in scope of this statement, then the security shall be measured and reported in accordance with the applicable SSAP.

40.I. 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 ~~investments~~CUSIPs sold (by Security Identifier), disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee;

Footnote 23: The guidance in this statement allows different measurement methods by qualifying investment (by [Security Identifier](#) ~~CUSIP~~), but it is anticipated that companies will generally utilize a consistent approach for all qualifying investments.

Exhibit B Table Header:

<del>CUSIP</del> <a href="#">Security Identifier</a>	ASOF_DATE	CALL_TYPE	CASHFLOW_DATE	INTEREST	PRINCIPAL	CASHFLOW
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**SSAP No. 34—Investment Income Due and Accrued: Footnote 1**

Footnote 1: In disclosing the cumulative amount of PIK interest, identify the specific amounts of PIK interest by lot and aggregate the amounts by ~~CUSIP/PPN~~[Security Identifier](#) that have a net increase to the original par value. The net increase includes PIK interest added to the par value less disposals (i.e., repayments; sales) that are first applied to any PIK interest outstanding. As a practical expedient, an insurer may calculate the cumulative amount of PIK interest on a bond by subtracting the original principal/par value from the current principal/par value, but not less than \$0.

**SSAP No. 43—Asset-Backed Securities: Paragraphs 39.a., 40.b., 40.c, 44.o., QA Question 8**

39.a. Financial Modeling: Pursuant to the P&P Manual, the NAIC identifies select securities where financial modeling must be used to determine the NAIC designation. For a modeled RMBS/CMBS legacy security, meaning one which closed prior to January 1, 2013, the NAIC designation is based on financial modeling incorporating the insurers' carrying value. For a modeled RMBS/CMBS non-legacy security, meaning one which closed after December 31, 2012, or modeled CLO, the NAIC designation and NAIC designation category assigned by the NAIC Securities Valuation Office must be used. For those RMBS/CMBS legacy securities that are financially modeled, the insurer must use NAIC ~~CUSIP~~[Security Identifier](#) specific modeled breakpoints provided by the modelers in determining initial and final designation for these identified securities. As specified in the P&P Manual, a modeled legacy security RMBS or CMBS tranche that has no expected loss, as compiled and published by the NAIC Securities Valuation Office, under any of the selected modeling scenarios would be assigned an NAIC 1 designation and NAIC 1.A designation category regardless of the insurer's book/adjusted carrying value. The three-step process for modeled RMBS/CMBS legacy securities is as follows:

- i. Step 1: Determine Initial Designation – The current amortized cost (divided by remaining par amount) of an asset-backed security is compared to the modeled breakpoint values assigned to each NAIC designation and NAIC designation category for each ~~CUSIP~~[Security Identifier](#) to establish the initial NAIC designation.
- ii. Step 2: Determine Carrying Value Method – The carrying value method, either the amortized cost method or the lower of amortized cost or fair value method, is then determined as described in paragraph 11 based upon the initial NAIC designation from Step 1.
- iii. Step 3: Determine Final Designation – The final NAIC designation is determined by comparing the carrying value (divided by remaining par amount) of a security

(based on paragraph 39.a.ii.) to the NAIC ~~CUSIP~~-Security Identifier specific modeled breakpoint values assigned to the NAIC designation and NAIC designation category for each ~~CUSIP~~-Security Identifier or is mapped to an NAIC designation category, according to the instructions in the P&P Manual. This final NAIC designation shall be applicable for statutory accounting and reporting purposes and the NAIC designation category will be used for investment schedule reporting and establishing RBC and AVR charges. The final NAIC designation is not used for establishing the appropriate carrying value method in Step 2 (paragraph 39.a.ii.).

40. For securities that will be financially modeled under paragraph 39, the guidance in this paragraph shall be applied in determining the reporting method for such securities acquired in the current year for quarterly financial statements. Securities reported as of the prior-year end shall continue to be reported under the prior year end methodology for the current year quarterly financial statements. For year-end reporting, securities shall be reported in accordance with paragraph 39, regardless of the quarterly methodology used.
- a. Reporting entities that acquired the entire financial modeling database for the prior-year end are required to follow the financial modeling methodology (paragraph 39.a.) for all securities acquired in the subsequent year that were included in the financial modeling data acquired for the prior year-end.
  - b. Reporting entities that acquired identical securities (identical ~~CUSIP~~Security Identifier) to those held and financially modeled for the prior year-end are required to follow the prior year-end financial modeling methodology (paragraph 39.a.) for these securities acquired subsequent to year-end.
  - c. Reporting entities that do not acquire the prior-year financial modeling information for current-year acquired individual ~~CUSIPs~~investments (by Security Identifier), and are not captured within paragraphs 40.a. or 40.b., are required to follow the analytical procedures for non-financially modeled securities (paragraph 39.b. as appropriate) until the current year financial modeling information becomes available and then follow the procedures for financially modeled securities (paragraph 27, as appropriate). Reporting entities that do acquire the individual investment (by Security Identifier) ~~CUSIP~~-information from the prior-year financial modeling database shall use that information for interim reporting.
  - d. Reporting entities that acquire securities not previously modeled at the prior year-end are required to follow the analytical procedures for non-financially modeled securities (paragraph 39.b. as appropriate) until the current year financial modeling information becomes available and then follow the procedures for financially modeled securities (paragraph 27, as appropriate).
- 44.o. For securities sold, redeemed or otherwise disposed as a result of a callable feature (including make whole call provisions), disclose the number of ~~investments~~CUSIPs sold (by Security Identifier), disposed or otherwise redeemed and the aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee;

QA - Question 8:

**8. Question** – Do ABS purchased in different lots result in a different NAIC designation for the same [CUSIP Security Identifier](#)? Can reporting entities use a weighted average method determined on a legal entity basis?

- 8.1 Under the financial modeling process (applicable to qualifying RMBS/CMBS reviewed by the NAIC Structured Securities Group), the amortized cost of the security impacts the “final” NAIC designation used for reporting and RBC purposes. As such, securities subject to the financial modeling process acquired in different lots can result in a different NAIC designation for the same [CUSIP Security Identifier](#). In accordance with the current instructions for calculating AVR and IMR, reporting entities are required to keep track of the different lots separately, which means reporting the different designations. For reporting purposes, if a SSAP No. 43 security (by [CUSIP Security Identifier](#)) has different NAIC designations by lot, the reporting entity shall either 1) report the aggregate investment with the lowest applicable NAIC designation or 2) report the investment separately by purchase lot on the investment schedule. If reporting separately, the investment may be aggregated by NAIC designation. (For example, all acquisitions of the identical [CUSIP investment \(by Security Identifier\)](#) resulting with an NAIC 1 designation may be aggregated, and all acquisitions of the identical [CUSIP investment \(by Security Identifier\)](#) resulting with an NAIC 3 designation may be aggregated.)

**INT 07-01: Application of the Scientific (Constant Yield) Method in Situations of Reverse Amortization: Paragraph 14 Example**

14. Parity occurs because the accrual date, usually the last day of the month, is many days prior to the payment date, typically 15, or 25 days for a mortgage backed security, and up to 45, or 55 days (or longer) for a collateralized mortgage obligation. The following is a simplified example using a mortgage backed security. The assumption is that the security is purchased at a slight premium (price = 100.1000). Because of day delay, however, the parity price is not 100, but is approximately 99.90.

[CUSIP Security Identifier](#): 123456-AB-1 (Made up)

Description: Sample Mortgage Backed Security

Final payment date: 01/15/2006

Int Rate: 5.50%

Day Delay: 44

CPR: 6%

Purchase Date: 2/15/2004

Purchase Price: 100.1000

Par Purchased: 1,000,000.00

Annual Yield (SIA) 5.16841%

Periodic (monthly) Yield 0.43070%

Interest Rate 5.500%

**INT 19-02: Freddie Mac Single Security Initiative: Paragraph 2.b.**

- 2.b. Most elements of the new 55-day security received upon exchange will exactly match those of the PC or Giant being exchanged – most fundamentally, the cash flows of the 55-day security will ultimately be backed by the same loans as the original PC or Giant. Each new 55-day security will mostly have the same characteristics as the corresponding PC such as unpaid principal balance, pool factor, and weighted average coupon. The 55-day security will have a new [CUSIP Security Identifier](#), prefix, pool number, and issuance date.

**INT 22-01: Freddie Mac When Issued K-Deal (WI Trust) Certificates: Paragraphs 3.f., 8, and 9**

- 3.f. In the event that the investor elects to exchange the WI Trust certificates to the K-Deal SPCs, the investor receives an equivalent principal amount of the K-Deal SPCs of the same class. Although the investment will have a change in [CUSIP Security Identifier](#), any such exchange is not deemed to be a taxable event as described in the respective Offering Circular Supplements for the WI Certificates. As such investors will not recognize a gain or loss on the exchange and investors will be treated as continuing to own the interests that were owned immediately prior to the exchange. Stated differently, any gains or losses on the exchanged WI-Certificates are “rolled into” the investors’ new K-Deal Certificate position.

8. If a reporting entity elects to convert WI Trust SPC securities into K-Deal SPC securities, the guidance in the Annual Statement Instructions, Schedule D, Part 3 and Part 4, shall be followed. Per that guidance, the transition from a WI Trust to a K-Deal shall not be reported as a disposal or acquisition. As the terms and cost basis of the SPC certificates would be identical, and the change would only reflect a [CUSIP number Security Identifier](#) change, a disposal and reacquisition shall not be recorded.

9. Excerpt from Annual Statement Instructions, Schedule D, Part 3 and 4:

This schedule should include a detailed listing of all securities that were purchased/acquired during the current reporting year that are still owned as of the end of the current reporting year (amounts purchased and sold during the current reporting year are reported in detail on Schedule D, Part 5, and only in subtotal in Schedule D, Part 3). This should include all transactions that adjust the cost basis of the securities. Thus, it should not be used for allocations of TBAs to specific pools subsequent to initial recording in Schedule D, Part 3, or other situations such as [CUSIP number Security Identifier](#) changes.

**Status:**

On March 23, 2026, the Statutory Accounting Principles (E) Working Group exposed editorial revisions as detailed in this agenda item.

On May 18, 2026, the Statutory Accounting Principles (E) Working Group adopted the editorial revisions as detailed in this agenda item.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2026/05-18-2026/Adoptions/26-03EP\\_Spring2026.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/NationalMeetings/A.NationalMeetingMaterials/2026/05-18-2026/Adoptions/26-03EP_Spring2026.docx)