

NAIC Policy Statement on Statutory Accounting Principles Maintenance Agenda Process

1. The purpose of this policy statement is to document the Statutory Accounting Principles (E) Working Group (Working Group) maintenance agenda process.
2. As acknowledged in the NAIC *Policy Statement on Maintenance of Statutory Accounting Principles*, the promulgation of statutory accounting principles (SAP) guidance will be delegated through the NAIC committee structure to the Accounting Practices and Procedures (E) Task Force (Task Force). The Task Force will charge the Working Group with the responsibility to develop and propose new statements of statutory accounting principles (SSAPs), to propose revisions to existing SSAPs, and to issue interpretations in response to questions of application and clarification on existing SSAPs.
3. Information and issues can be presented to the Working Group in a variety of ways. Issues can be recommended or forwarded from 1) other NAIC committees, task forces or working groups; 2) interested parties; 3) interested regulators; and 4) NAIC staff. Also, if any guidance within the Generally Accepted Accounting Principles (GAAP) Hierarchy (see § V of the Preamble to the *Accounting Practices and Procedures Manual* (AP&P Manual)) is added or revised, those changes must be considered by the Working Group for potential revisions to SAP. In order for an issue to be placed on the **Pending Listing**, the recommending party must complete a Statutory Accounting Principles Maintenance Agenda Submission Form (Form A) and submit it to the Working Group support staff no later than 20 business days prior to the next scheduled Working Group meeting. NAIC staff will prepare a submission form for all GAAP pronouncements that have not been previously addressed by the Working Group. NAIC staff will update the **Pending Listing** before each national meeting and will notify the recommending party of such action. If the Working Group does not wish to address the issue (e.g., issue deemed not applicable to statutory accounting) or rejects the position presented, then the Working Group may move the item to the **Rejected Listing**. Should the Working Group choose to address an issue, it is moved to the **Active Listing** where it is prioritized and categorized as a **Substantive**, **Nonsubstantive** or **Interpretation** agenda item.
4. The **Active Listing** identifies agenda items that are in the process of development and includes the following:
 - a. **Substantive:** These agenda items address the development of new SSAPs and substantially revised SSAPs as defined in the NAIC *Policy Statement on Maintenance of Statutory Accounting Principles*.
 - b. **Nonsubstantive:** These agenda items address the development of nonsubstantive revisions to SAP as defined in the NAIC *Policy Statement on Maintenance of Statutory Accounting Principles*.
 - c. **Interpretations:** These agenda items address the development of interpretations to SAP as defined in the NAIC *Policy Statement on Maintenance of Statutory Accounting Principles*. If SSAP revisions are subsequently deemed necessary, the Working Group shall re-categorize the agenda item as either substantive or nonsubstantive, as applicable, and follow the appropriate process to consider and adopt revisions.
5. After review of the agenda item (including any interested party comments), at its discretion, the Working Group makes the ultimate determination of whether an agenda item is categorized (or re-categorized) as substantive (either as a new SSAP or substantively-revised SSAP), nonsubstantive or an interpretation.
6. The **Rejected Listing** identifies items that were proposed to the Working Group and rejected without consideration. The **Disposition Listing** includes all agenda items considered by the Working

Group and provides the conclusions and guidance given for all adopted revisions to SAP and for all agenda items disposed without modification to SAP.

7. It should be noted that this policy statement addresses the process and the flow of information. The timing is left to the discretion of the Working Group. For instance, once public discussion requirements have been met, as detailed in the NAIC *Policy Statement on Maintenance of Statutory Accounting Principles*, the Working Group can take action on an item at its discretion. In determining whether it is appropriate to take specific actions (including adoption), the Working Group must consider when the last exposure period occurred and the extent of any prior comments received and discussions held. Additionally, there is no timeframe in which items must be addressed. Items will remain on the Active Listing until formally disposed of by the Working Group.

8. NAIC staff will maintain the following on the Working Group Web page (http://naic.org/cmte_e_app_sapwg.htm): 1) A blank Form A (Attachment A to this policy statement); 2) The current Maintenance Agenda, and 3) Current substantive, nonsubstantive and/or interpretation revisions exposed for public comment. Attachment B to this policy statement will be attached to all exposures with proposed substantive revisions and serves as the request for written comment and notice of a public hearing.

Correction of Editorial Errors

9. Over time, during review and publication of the AP&P Manual, NAIC staff may identify inadvertent editorial errors and necessary revisions to the content of the Manual. These are editorial in nature and include grammatical errors, reference changes (i.e., paragraphs, SSAPs, and Model Laws and Regulations) and formatting issues. To aid in correcting these items and improve the overall usefulness of the AP&P Manual, the Working Group has implemented the following process:

- a. At each meeting of the Working Group, if NAIC staff have identified (or have been informed by interested parties or regulators) any grammatical errors, reference changes and/or formatting issues, NAIC staff will present a public memorandum to the Working Group outlining the proposed amendments to the AP&P Manual. These corrections are not intended to clarify or revise existing guidance and as such, do not ordinarily warrant the use of a Form A or addition to the Maintenance Agenda.
- b. After presentation to the Working Group, the memorandum will be exposed for a public comment period. If no objections are raised by the Working Group, interested regulators or interested parties, the revisions will be considered “noncontested” and presented to the Working Group for adoption. Upon adoption, the revisions will be incorporated into the AP&P Manual, with the revisions being posted on the “Updates to the AP&P Manual” secure Web page. Under this process, these revisions will be shown as tracked changes to the Manual unless otherwise noted in the memorandum.
- c. If objections are raised by the Working Group, interested regulators or interested parties, the proposed revisions will either be rejected without further discussion or incorporated into a Form A to be presented to the Working Group and subsequently exposed for a public comment period. Under this process, the revisions will follow the Maintenance Agenda process as outlined in this policy statement.

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

Issue:

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	<input type="checkbox"/>	<input 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:

*Existing Authoritative Literature:

*Activity to Date (issues previously addressed by Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups):

*Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:

Recommended Conclusion or Future Action on Issue:

Recommending Party:

(Organization, Person Submitting, Title)

(Address, City, State, ZIP)

(Phone and Email Address)

(Date Submitted)

* Indicates required information before NAIC staff will accept form as a final document.

EXPOSURE DRAFT NUMBER - TITLE**Notice of Public Hearing and Request for Written Comments****Hearing Date:** _____**Location:** _____**Deadline for Written Notice of Intent to speak:****Deadline for Receipt of Written Comments:**

Basis for hearings. The Statutory Accounting Principles (E) Working Group (Working Group) will hold a public hearing to obtain information from and views of interested individuals and organizations about the standards proposed in this Exposure Draft. The Working Group will conduct the hearing in accordance with the *National Association of Insurance Commissioners (NAIC) Policy Statement on Open Meetings*. An individual or organization desiring to speak must notify the NAIC in writing by _____. Speakers will be notified as to the date, location and other details of the hearings.

Oral presentation requirements. The intended speaker must submit a position paper, a detailed outline of a proposed presentation or comment letter addressing the standards proposed in this Exposure Draft by _____. Individuals or organizations whose submission is not received by this date will only be granted permission to present at the discretion of the Working Group chair. All submissions should be addressed to NAIC staff at the address listed below. Comments can also be submitted by electronic mail to _____@naic.org.

Format of hearings. Speakers will be allotted up to 10 minutes for their presentations to be followed by a period for answering questions from the Working Group. Speakers should use their allotted time to provide information in addition to their already submitted written comments as those comments will have been read and analyzed by the Working Group. Those submissions will be included in the public record and will be available at the hearings for inspection.

Copies. Exposure drafts can be obtained on the Working Group's Web page at http://naic.org/cmte_e_app_sapwg.htm.

Written comments. Participation at a public hearing is not a prerequisite to submitting written comments on this Exposure Draft. Written comments are given the same consideration as public hearing testimony.

The Statutory Accounting Principles Statement of Concepts was adopted by the Accounting Practices & Procedures (EX4) Task Force on September 20, 1994, in order to provide a foundation for the evaluation of alternative accounting treatments. All issues considered by the Working Group will be evaluated in conjunction with the objectives of statutory reporting and the concepts set forth in the Statutory Accounting Principles Statement of Concepts.

The exposure period is not meant to only measure support for, or opposition to, a particular accounting treatment but rather to accumulate an analysis of the issues from other perspectives and persuasive comments supporting them. Therefore, form letters and objections without valid support for their conclusions are not helpful in the deliberations of the Working Group. Comments should register agreement or disagreement with a detailed explanation, a description of the impact of the proposed guidelines, and possible alternative recommendations for accomplishing the regulatory objective.

Any individual or organization may send written comments to _____ by electronic mail in Microsoft Word format to _____@naic.org. After written comments have been reviewed by the Working Group, the letters will be posted publicly on the NAIC website.

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