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To: Pat Gosselin, Chair of the Blanks (E) Working Group  
From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group  
Re: Third Quarter 2022 Disclosures – INT 22-02  
Date: October 25, 2022

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The purpose of this memo is for the Statutory Accounting Principles (E) Working Group to notify the Blanks (E) Working Group of revisions to the “Notes to the Financial Statements” that have been adopted for 3rd Quarter 2022 reporting. As *INT 22-02: Third Quarter 2022 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax* has already been adopted as an interpretation, which represents the second level of authoritative guidance as promulgated by the Preamble, these additions to the financial statement notes for 3<sup>rd</sup> quarter 2022 reporting do not require approval from the Blanks (E) Working Group.

It is recommended that this memo, detailing changes to existing disclosure requirements and subsequent event exceptions, and the full related INT 22-02 be posted to the NAIC website. This is consistent with the *NAIC Policy Statement on Coordination of the Accounting Practices and Procedures Manual and the Annual Statement Blank* located within the *Accounting Practices & Procedures Manual*. As these are temporary disclosures there is no need for them to be included in the next update to the Annual Statement Instructions. Excerpts from *INT 22-02: Third Quarter 2022 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax* are included on the following page, however the full interpretation provides relevant explanation and detail.

*INT 22-02: Third Quarter 2022 Reporting of the Inflation Reduction Act - Corporate Alternative Minimum Tax* is one of two interpretations on the Inflation Reduction Act that the Working Group exposed on Oct. 6. The Working Group will forward another memo regarding *INT 22-03: Inflation Reduction Act - Corporate Alternative Minimum Tax*, which relates to fourth quarter 2022 and interim 2023 if and when it is finalized.

Please contact NAIC staff Robin Marcotte ([rmarcotte@naic.org](mailto:rmarcotte@naic.org)), Julie Gann ([jgann@naic.org](mailto:jgann@naic.org)), Jake Stultz ([jstultz@naic.org](mailto:jstultz@naic.org)) or Jason Farr ([jfarr@naic.org](mailto:jfarr@naic.org)) if you have any questions.

Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr

**Response: Issue 1 – Consideration of the Act for Third Quarter 2022 Financial Statements**

12. Reporting entities that are aware they will be subject to the CAMT would normally reflect the effects of the Act on the calculations impacted by the CAMT if reasonably estimable for third quarter 2022. Because of the timing of the adoption of the Act and the considerable number of unknown variables for September 30, 2022, reporting, the Working Group has determined that a reasonable estimate is not determinable for third quarter 2022 interim financial statements for the calculations impacted by the CAMT.

13. Because reasonable estimates of calculations impacted by the CAMT are not determinable, reporting entities shall not recognize impacts related to CAMT for third quarter 2022 financial statements, but shall make the following disclosures regarding the CAMT and the Act:

- a. The Act was enacted during the reporting period on August 16, 2022.
- b. A statement regarding whether the reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined if it expects to be liable for CAMT in 2023. For example:
  - i. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it does not expect to be liable for CAMT in 2023.
  - ii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has not determined as of the reporting date if it will be liable for CAMT in 2023. The third quarter 2022 financial statements do not include an estimated impact of the CAMT because a reasonable estimate cannot be made.
  - iii. The reporting entity (or the controlled group of corporations of which the reporting entity is a member) has determined that it expects to be liable for CAMT in 2023. The third quarter 2022 financial statements do not include an estimated impact of the CAMT, because a reasonable estimate cannot be made.

**Response: Issue 2 – Consideration of Subsequent Events for Third Quarter 2022 Financial Statements**

14. For third quarter 2022 reporting, CAMT updated estimates or other calculations affected by the Act determined subsequent to third quarter statutory financial statement or filing date shall not be recognized as Type I subsequent events. Meaning, amended financial statements are not required to reflect updated estimates subsequent to the third quarter filing date and prior to the filing the third quarter financial statements. With the disclosure required under Issue 1, additional subsequent event disclosure (such as what would be required for Type II event) is not required.

15. Reporting entities shall be working in good faith to complete the accounting for the changes adopted under the Act.