

To: Jacob Garn, Chair, Blanks (E) Working Group

From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group

Date: Aug. 12, 2020

Re: Year-end 2020 guidance regarding ACA fee disclosure

This referral provides notification of a recent Statutory Accounting Principles (E) Working Group Summer National Meeting action and recommends informal disclosure guidance for Note 22 for year-end 2020. The Working Group superseded *SSAP No. 106—Affordable Care Act Section 9010 Assessment* and nullified *INT 18-02: ACA Section 9010 Assessment Moratoriums* effective Jan. 1, 2021, in agenda item 2020-05: Repeal of the Affordable Care Act Section 9010 Assessment. This action will move SSAP No. 106 and INT 18-02 to *Appendix H—Superseded SSAPs and Nullified INTs* of the *Accounting Practices and Procedures Manual*. These actions were taken because the federal ACA insurer fee, which is also known as the health insurance tax, has been repealed effective Jan. 1, 2021. With this action, the Working Group is sponsoring a blanks proposal to recommend removing the related disclosure reflected in Note 22 for 2021.

Because the disclosure focuses on the impact of subsequent year section 9010 tax payments and there will not be a tax payment due in 2021, the Working Group recommends this memo be posted as additional narrative guidance on the Blanks (E) Working Group webpage. The guidance should promote consistent reporting on how to complete the disclosure for year-end 2020.

If there are comments or concerns on the exposure, please contact Robin Marcotte, NAIC staff of the Statutory Accounting Principles (E) Working Group.

Cc: Julie Gann, Robin Marcotte, Fatima Sediqzad, Jake Stultz, Jim Pinegar, Mary Caswell, Calvin Ferguson

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Year-End 2020 Guidance for Note 22

The Section 9010 fee has been repealed beginning Jan. 1, 2021. The Note 22 disclosures regarding the Section 9010 assessment should include 2020 activity and prior year activity. To promote consistent reporting, we provide the following guidance.

Line 22B, Current Year column ACA fee assessment payable for the upcoming year should have “\$0”.

Line 22D Current Year column Premium written subject to ACA 9010 assessment should have “\$0”

The effect is that Line 22F Current Year column Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 30 minus 22B above) will be the same as Line 22E Current Year column Total Adjusted Capital before surplus adjustment

Line 22H Current Year column, Would reporting the ACA assessment as of December 31, 2020, have triggered an RBC action level (YES/NO)?

	<u>Current Year</u>	<u>Prior Year</u>
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	_____	
B. ACA fee assessment payable for the upcoming year	\$ <u>0</u> \$	
C. ACA fee assessment paid	\$ _____	\$ _____
D. Premium written subject to ACA 9010 assessment	\$ <u>0</u>	\$ _____
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 30)	\$ _____	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 30 minus 22B above)	\$ _____	
G. Authorized Control Level (Five-Year Historical Line 31)	\$ _____	
H. Would reporting the ACA assessment as of December 31, 2020, have triggered an RBC action level (YES/NO)?	<u>NO</u> _____	