Statutory Accounting Principles (E) Working Group
Meeting Agenda
November 15, 2026

A. Consideration of Maintenance Agenda – Pending List

1. Ref #2026-16: Private Letter Rating Disclosure
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Ref #	Title	Attachment #
2026-16 (Julie)	**Private Letter Rating Disclosure**	**A – Agenda Item**

Summary:
This agenda item has been prepared in response to regulator requests to better identify the use and sources of private letter ratings (PLR) in the statutory financial statements. Understanding the extent to which PLRs are used to determine reported NAIC designations, as well as the concentration of credit rating providers (CRPs) issuing those PLRs has been identified as a key regulatory focus for state insurance regulators.

Currently, statutory financial statements do not provide regulators or the public with a readily accessible means of determining the extent to which reported NAIC designations are supported by private letter ratings or the relative concentration of PLRs among CRPs. Reporting entities should identify PLRs with a specific administrative symbol in the investment schedules, but there is no summary of the aggregate results or any information on the concentration among CRPs. This information would provide greater visibility into the use of PLRs as an input to the NAIC designation process and assist regulators in evaluating potential concentrations and trends in their use across the industry.

To address potential proprietary and confidentiality concerns, the proposed disclosure has been structured to avoid identifying individual securities, issuers, or the underlying terms or content of any PLR. Instead, the disclosure would only identify the aggregate book/adjusted carrying value (BACV) in both Schedule D-1-1: Long-Term Bonds – Issuer Credit Obligations and Schedule D-1-2: Asset-Backed Securities for where the reported NAIC designation was determined by a private letter rating. The aggregate BACV would then be allocated, on a percentage basis, among the CRPs that issued the underlying PLRs.

The proposed disclosure is intended to provide meaningful regulatory transparency while preserving the proprietary and confidential nature of the underlying private ratings and rating analyses. More broadly, as private letter ratings can play a meaningful role in determining the statutory treatment of investments, transparency regarding the extent and concentration of their use is an important component of regulatory oversight. While the underlying content of a PLR may appropriately remain confidential and proprietary, the continued lack of visibility into the use and concentration of PLRs represents an area where greater transparency will benefit regulators and other users of statutory financial information.

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Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing categorized as a SAP clarification and expose revisions to *SSAP No. 26—Bonds* and *SSAP No. 43—Asset-Backed Securities* to incorporate new disclosures for inclusion in the notes to the financial statements related to the source of private letter ratings. With exposure, NAIC staff recommends the Working Group sponsor a blanks proposal to allow for year-end 2027 inclusion.

The explicit wording for both SSAP No. 26 and SSAP No. 43 is included in the agenda item but shown for bonds below. (The language is identical except for the investment type reference.) The proposed annual statement illustration is also shown. (The agenda item includes the proposed A/S instruction.)

> **Disclosure:** The aggregate book/adjusted carrying value (BACV) for bonds and assets in scope of this statement for which the NAIC Designation is supported by a private letter rating (PLR), and the percentage of the aggregate BACV attributed to PLRs from each credit rating provider (CRP).

Proposed New Illustration:

	Schedule D-1-1: ICO Bonds	Schedule D-1-2: ABS
Total BACV Supported by Private Letter Ratings:	**$**	**$**
Percentage of BACV with PLR by CRP Issuer:		
A.M. Best Rating Services, Inc.	%	%
DBRS, Inc. (DBRS Morningstar)	%	%
Egan Jones Ratings Company	%	%
Fitch Ratings	%	%
HR Ratings LLC	%	%
Kroll Bond Rating Agency, Inc. (KBRA)	%	%
Moody's Investors Service, Inc.	%	%
S&P Global Ratings	%	%
Other Approved CRP*	%	%
CRP Source of PLR is Unknown	%	%
Percentage Total Must Equal 100%	**%**	**%**

* The "Other Approved CRP" category shall only be used if the NAIC has approved a new CRP that has not yet been captured in this data-captured disclosure listing. A listing of the approved CRPs is detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Ref #	Title	Attachment #
2026-17 (Julie)	**SSAP No. 21 – Collateral Loans**	**B – Agenda Item C – Blanks Memo**

Summary:

This agenda item has been prepared in response to the Life Risk-Based Capital (E) Working Group (LRBC WG) July 16, 2026, referral response on "collateral loans Schedule BA reporting". The response informs the Statutory Accounting Principles (E) Working Group that the LRBC WG adopted RBC charges to be effective with 2027 RBC filings based on the overcollateralization percentage for two types of collateral loans: 1) collateral loans backed by joint ventures, partnerships and limited liability company interests and 2) collateral loans backed by residuals.

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The referral response identifies that to address concerns over valuation of collateral, the adopted methodology requires independent verification of collateral fair value. It also notes that the ACLI suggested in its April 10, 2026, comment letter that "*insurers could disclose the valuation range associated with the independent valuation analysis. While regulators already have access to this information as required by SSAP 21, proactive disclosure of a valuation range, rather than a single point estimate, would allow regulators to better assess the reasonableness of the fair value used in the LTV calculation and provide additional context around estimation uncertainty.*"

The response notes that to facilitate implementation of the proposal, the LRBC WG requests that the Statutory Accounting Principles (E) Working Group incorporate additional disclosures such that the following information becomes readily available for collateral loans in scope:

a) Whether or not independent verifications of collaterals' fair values are obtained.
b) Details of the verification, date of appraisal, name of entity performing verification, etc.
c) Range of valuations.

Furthermore, the response identified that the LRBC WG has made permanent the interim look-through solution for collateral loans backed by mortgage loans. The response then suggests that either the 2024 interim guidance memo posted on the Blanks (E) Working Group webpage be updated, or that guidance be incorporated into the annual statement instructions to effectuate the look-through of collateral loans backed by mortgages. (The explicit language from the referral has been included within the Authoritative Literature section in the agenda item for quick reference.)

In accordance with the requests from the LRBC WG, this agenda proposes corresponding disclosure revisions for collateral loans as well as proposes annual statement instruction changes for collateral loans backed by mortgage loans. To allow for consistent reporting across the investment schedules, the revisions proposed within this agenda item are for all lines of business and for all collateral loans even though the information may only be utilized in the RBC calculation for life entities for certain collateral loans.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing categorized as a SAP clarification and expose revisions to *SSAP No. 21—Other Admitted Assets* to incorporate additional reporting elements for collateral loans pertaining to the independent verification of the collateral's fair value as requested by the Life RBC (E) Working Group. This agenda item also illustrates proposed annual statement instruction and Blanks revisions, including changes to facilitate a look-through of collateral loans backed by mortgage loans via the AVR when the reporting entity has supporting documentation on the underlying type and quality of the mortgage loans. With exposure, NAIC staff recommend sponsoring a blanks proposal to incorporate the edits. Revisions are also proposed to SSAP No. 21 to delete reference to "permitted relationship" between the loan outstanding and the fair value of pledged investment. This is a historical phrase within the guidance and there is uncertainty about the intent and meaning of this phrase.

The proposal incorporates the additional disclosure components for all collateral loan structures, with the Schedule BA reporting columns applicable to all lines of business. This is proposed to ensure consistency in reporting although the information may only be used in the life RBC formula for collateral loans backed by SSAP No. 48 investments and residuals.

In addition to the agenda item, an updated blanks memo to prescribe the 2026 reporting process for collateral loans backed by mortgage loans has been included. This memo updates the prior 2024 memo detailing the interim process. **The Working Group is requested to approve this memo to the Blanks (E) Working Group for year-end 2026 application**. Reporting guidance detailing the permanent look-through approach shall be in place for year-end 2027.

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Ref #	Title	Attachment #
2026-18 (Julie)	**SSAP No. 21 – Structured Settlements**	**D – Agenda Item**

Summary:

This agenda item has been prepared to revise existing reporting guidance for structured settlements, when the reporting entity acquires the legal right to receive payments. The current guidance for these structures is in *SSAP No. 21—Other Admitted Assets*. Unless the structured settlement is a securitization, these structures do not qualify as securities and are not captured within *SSAP No. 26—Bonds* as debt securities.

Existing guidance indicates that these structures shall be reported on Schedule BA—Other Long-Term Invested Assets. Footnote 4 of SSAP No. 21 indicates that these structures can be reported as an "Any Other Class of Asset" or as a "Fixed or Variable Interest Rate Investment with Underlying Characteristics of Other Fixed Income Investments." Historically, by reporting on the latter reporting line, an SVO-Assigned designation received for the structure resulted in an RBC impact.

The Schedule BA reporting line "Fixed or Variable Interest Rate Investment with Underlying Characteristics of Other Fixed Income Investments" was revised for year-end 2019 to reflect "Non-Registered Private Fund" as the reporting category, and that line category was eliminated as part of the principles-based bond project in 2025. (Since non-registered private funds are captured within SSAP No. 48, this reporting line was combined with the SSAP No. 48 reporting lines.) As such, under current reporting provisions, structured settlements would default to the Schedule BA "Any Other Class of Investment" reporting line. With this reporting, if there is an NAIC designation received from the SVO, the designation has no impact on RBC. The NAIC SVO has reporting provisions to provide designations for structured settlements, and these structures were afforded life RBC impact based on the SVO-Assigned designation in historical reporting.

This agenda item proposes to revise the footnote 4 of SSAP No. 21 and allow structured settlements that have SVO-Assigned Designations to be reported as an "interest in a joint venture, partnership or limited liability company with underlying assets having characteristics of bonds with an NAIC Designation Assigned by the SVO" if an NAIC designation was received from the SVO. Although structured settlements do not qualify as a SSAP No. 48 investment, this reporting line provides the ability for the SVO-Assigned Designation to impact RBC without creating new Schedule BA reporting lines for an immaterial asset class. This reporting location was selected as it presumed that items that were captured on the prior reporting line may have transitioned to this renamed current line, so for such instances, companies would not need to reclassify the investment. Further, the Annual Statement Instruction currently includes guidance to include structures settlement payment rights in scope of SSAP No. 21 that have an SVO-Assigned designation in this reporting category.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing categorized as a SAP clarification and expose revisions to *SSAP No. 21—Other Admitted Assets* to revise the existing reporting direction for structured settlements and permit reporting as an "interest in a joint venture, partnership or limited liability company with underlying assets having characteristics of bonds with an NAIC Designation Assigned by the SVO" if an NAIC designation was received from the SVO. Structured settlements without an SVO-Assigned designation shall be reported as an "Any Other Class of Asset" on Schedule BA.

Ref #	Title	Attachment #
2026-19 (Wil)	**ASU 2025-11: Interim Reporting**	**E – Agenda Item**

Summary:
In December 2025, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements*, to improve the guidance in Topic 270, Interim Reporting, by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The amendments add to Topic 270 a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 has an effective date for annual reporting periods after for public entities beginning after December 15, 2027, and after December 15, 2028, for all other entities.

Topic 270 was primarily established from *Accounting Principles Board (APB) Opinion No. 28: Interim Financial Reporting*, of which only paragraphs 19 and 20 were adopted into *SSAP No. 101—Income Taxes*. Both of these paragraphs were later moved from Topic 270 to Topic 740 and were not modified by ASU 2025-11.

One item which requires separate consideration are ASC paragraphs 270-10-50-67 thru 70 which were added or modified by ASU 2025-11. NAIC staff noted that ASC 270-10-50-67 and 68 are consistent with the Interim Financial Statements guidance provided in the SAP Preamble. Based on further research, the reason for this convergence is that the paragraphs pulled into ASU 2025-11 were from SEC Rule 210.10-01.(a).(5), which had already been adopted into the SAP framework during SAP Codification. The majority of the guidance amended by ASU 2025-11 related to Topic 270 guidance which has already been considered and rejected; however, the disclosure principle guidance proposed in ASU 202-11 involves SEC language previously incorporated into SAP and should be adopted by reference as the language already exists within the Preamble.

Recommendation:
NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to adopt with modification the Disclosure Principles detailed in *ASU 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements* (specifically, ASC 270-10-50-67 to 70) by reference in the Preamble.

NAIC staff noted that these disclosure principles are substantially similar to existing SAP guidance and revision to the Preamble is not necessary as the FASB is effectively converged with the SAP principles-based guidance on Interim reporting.

Proposed Revisions to Preamble:

XI. Financial Statements

B. Interim Financial Statements

65. The interim financial information shall include disclosures sufficient to make the information presented not misleading. It may be presumed that the users of the interim financial information have read or have access to the annual statement for the preceding period and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual statement or audited financial statements, such as a statement of significant accounting policies and practices, details

of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, may be omitted. However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the insurer. Disclosures shall encompass (but not be limited to), for example, significant changes since the end of the period reported on the last annual statement in such items as: statutory accounting principles and practices, estimates inherent in the preparation of financial statements, status of long term contracts, capitalization including significant new borrowings or modifications of existing financial arrangements, and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material noninsurance contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.[x]

Footnote x - Interim Financial Statements disclosure guidance is consistent with the disclosure principles detailed in ASU 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements. ASU 2025-11 is adopted with modification by reference to reflect this consistently. No other provisions of the ASU are adopted by reference or otherwise incorporated into statutory accounting.

Ref #	Title	Attachment #
2026-20 (Wil)	**Tax Credits Project Accounting and Reporting Improvements**	**F – Agenda Item**

Summary:

This agenda item proposes revisions to *SSAP No. 93—Investments in Tax Credit Structures* and *SSAP No. 94—State and Federal Tax Credits* to clarify certain accounting, disclosure and reporting items. The Tax Credits Project was adopted in 2024, with a January 1, 2025, effective date, and established new guidance regarding tax credit investments, and purchased state and federal tax credits. During a review of 2025 reporting data, discussion with regulators, industry and other interested parties, NAIC staff identified a number of clarifications and improvements and have recommended the following proposed revisions.

1. **SSAP No. 93:**
    a. Clarify that for statutory accounting purposes District of Columbia tax credit programs are considered state-based programs. *(similar clarification is recommended for SSAP No. 94)*
    b. Clarify that agreements for the future acquisition of tax credits (forward contracts), and investment structures in which tax credits are callable rather than allocated in accordance with investment ownership are not in the scope of SSAP No. 93.
    c. Various clarifications suggested by industry (Record allocated tax credit assets at face value, provide examples of other tax benefits, clarify what is an "unused tax credit")
    d. Revise paragraph 14 to eliminate duplicated recognition guidance.
    e. Recommend several revisions to SSAP No. 93 disclosure to simplify or improve reporting.
2. **SSAP No. 94:**
    a. Remove "allocation" language from SSAP No. 94 as the guidance is intended to be used for purchased tax credits and "allocated" tax credits are indicative of an investment arrangement rather than a purchase.
    b. Revise paragraph 9 to eliminate duplicated recognition guidance.
    c. Clarify treatment of tax credits purchased but not available for use.
    d. Eliminate two disclosures and simplify nonadmittance disclosure language. *(these changes are also recommended for the SSAP No. 93 tax credit disclosures)*
3. **Annual Statement**

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a. Propose a prescribed table for the disclosure of aggregate schedule of future tax credits to be received, and book/adjusted carrying value of tax credit investments.
b. Propose revisions to annual statement instructions to resolve inconsistent reporting instructions for reporting proportional amortization. The Schedule BA instructions currently direct insurers to report proportional amortization as a reduction to investment income, while the net investment instructions direct proportional amortization to be reported as a component of investment expense. Proposed revisions recommend that proportional amortization be reported as a reduction on the Exhibit of NII, Line 8, Other Invested Assets.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing of maintenance agenda and expose revisions to SSAP No. 93 and SSAP No. 94 to clarify District of Columbia tax credit programs, treatment of forward contracts for tax credits and investments with callable tax credits, simplification of tax credit disclosures, and other various accounting, disclosure, and reporting improvements. Proposed revisions are detailed within the agenda item.

Ref #	Title	Attachment #
2026-21 (Jake)	**Disclosure Review**	**G – Agenda Item**

Summary:

NAIC staff have been requested by regulators to perform a detailed review of the disclosures in the annual statement with the intent of removing those that are deemed to not be adding value to financial reporting, duplicative or just no longer needed. This process will include a comprehensive review of all the reporting blanks and will be a coordinated effort between the NAIC staff from both the Statutory Accounting Principles (E) Working Group and the Blanks (E) Working Group. The goal of this project is to streamline reporting for companies, improve the usefulness of disclosures to regulators, and eliminate unnecessary or duplicative reporting.

This is a concept agenda item, so this initial agenda item does include proposed disclosure changes. With this exposure, NAIC staff are requesting regulators and interested parties to provide comments on disclosures that should be reviewed for potential deletion or simplification. NAIC staff will present separate agenda items proposing SSAP disclosure revisions, which correspond to financial statement disclosures for consideration.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose this concept agenda item with a request for comments from regulators and interested parties on any disclosures which can potentially be either simplified or fully removed from the reporting blanks.

Ref #	Title	Attachment #
2026-22 (Jake)	**Investment Restricted Asset Code Column**	**H – Agenda Item**

Summary:

On May 18, 2026, the Working Group adopted agenda item 2025-27: SSAP No. 1 Modco/FWH Code which revised *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23.b. to add categories to the disclosures for assets held under a modified coinsurance (modco) and funds withheld

arrangements. These revisions made the SSAP No. 1 categories consistent with Note 5(L)1. At that time, the Working Group deferred recommending that the Blanks (E) Working Group add investment schedule code changes to allow more time to assess whether the restricted asset codes should be retained.

When agenda item 2025-27 was exposed, the Working Group received comments from one state recommending that the column be retained in the investment schedules, but it has been the view of some Working Group members that the revisions to Note 5(L) provided the necessary information needed for assessing restricted assets. Further, Working Group members previously noted concerns that the results of the restricted asset code column could be misinterpreted, as only one code could be utilized regardless of whether the investment was pledged for multiple purposes, and the code would be attributed to the entire investment schedule reported balance, even if only a portion of the security was pledged. NAIC staff worked with the state that initially provided comments supporting the retention of the code, and they are accepting of moving forward with the removal of the column from the investment schedules.

This item does not intend to modify statutory accounting, but since the concept was first discussed at this Working Group in a prior agenda item, NAIC staff prepared this agenda item for both the Statutory Accounting Principles (E) Working Group and a corresponding proposal at the Blanks (E) Working Group to make the change in the annual statement blanks.

Recommendation:

NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose conceptual revisions to the investment schedules in the annual statement blanks to remove the restricted asset column. This does not result in changes to statutory accounting. With exposure, NAIC staff will proceed with sponsoring a blanks proposal to be in effect for year-end 2027.

Ref #	Title	Attachment #
2026-23 (Jake)	**SSAP 97, SCA Entities with Negative Valuations**	**I – Agenda Item**

Summary:

NAIC staff have received questions over the past several years about situations where guidance in *SSAP No. 97—Investments in Subsidiaries, Controlled and Affiliated Entities*, can be reported with a negative equity value. Specifically, the remaining guidance impacts "paragraph 8.b.ii" entities (non-insurance SCAs that conduct "insurance related operations" and meet the 20% revenue test) and some 8.b.iv. entities (foreign insurance companies). For these entities, paragraph 9 of SSAP No. 97 notes that the reported equity valuation can go negative as a result of the required "statutory adjustments" detailed in paragraph 9. As an example, paragraph 9 adjustments include decreasing the value of the investment if it holds nonadmitted assets. This can occur even though the reporting entity may not have an obligation to fund losses in the 8.b.ii entity. The current guidance applies currently to investments in scope of SSAP No. 97, as well as *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* investments with more than a minor ownership interest that follow the 8.b.ii and 8.b.iv provisions of SSAP No. 97.

For example, Reporting Entity A owns an 8.b.ii subsidiary, Company B, and has transferred $200k of nonadmitted EDP equipment to Company B ,which represents Company B's only equity for purposes of this example. Because EDP equipment is nonadmitted and excluded from the statutory valuation of the SCA, Company B could report a negative equity value even if its US GAAP equity remains positive. The intended outcome of this guidance is for nonadmitted assets to have the same surplus impact to the reporting entity whether it is owned directly or indirectly, where putting the nonadmitted asset in a subsidiary should not be more beneficial. If Company B were

to incur current year losses of ($100k), current statutory guidance would require Reporting Entity A to report a negative $100K "investment in the SCA" on Schedule D-6-1 to reflect the nonadmission of the asset in the equity of the SCA, .

Although this has been long-standing guidance, it was brought to NAIC staff that reporting the negative investment value impacts the total amount reported on investment schedules, reducing positive balances for other investments by the reported negative amount. Continuing the example, if another SCA was reported with a positive amount for $100K, the total net amount reported on Schedule BA would be $0. This means that the total amount that would flow through to the AVR and the RBC formula would be $0, and that there would be no RBC impact for the SCAs, because the negative equity value of the one SCA reduced the positive SCA value of another.

Previous revisions have eliminated all negative equity value reporting for all SCAs except paragraph 8.b.ii and some 8.b.iv. entities. For all other instances, reporting entities stop reporting losses when the SCA equity amount reaches zero. If there is a guarantee or commitment to fund losses, then that commitment is reported as a liability (and not as a negative equity value).

Recommendation:

NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and *SSAP No. 97—Investments in Subsidiaries, Controlled and Affiliated Entities*, that clarify that for 8.b.ii and 8.b.iv entities if the statutory adjustments result in a negative equity value, the amount reported on Schedule BA for that SCA shall stop at zero, with the amount of the negative equity reclassified as a liability.

Ref #	Title	Attachment #
2026-24 (Julie)	**Acquisition Date Reporting**	**J – Agenda Item**

Summary:

This agenda item has been prepared in response to noted inconsistencies in guidance and application for the reporting of the "acquisition date" for investments on year-end "owned" schedules. The current process and inconsistencies have hindered recent assessments, particularly when trying to isolate the year-end reporting detail to current year acquisitions. It has been identified that in some instances companies override the "date acquired" on the investment schedules whenever additional investment shares or lots are acquired. Although there are limited schedules where the existing instructions support this approach, such instructions are limited to issuer credit obligations and stocks acquired at public offerings. In addition to being inconsistent within the schedule (e.g., between public and non-public offerings), it is perceived that some industry interpretations have applied these instructions across schedules for all investments. In any case, recent efforts by NAIC staff or regulators to identify and assess year-end reporting details for current-year acquired investments produced inaccurate results as many of the investments reported with a current year acquisition date had been held for many years, with just additional investment occurring in the current year.

This agenda item does not propose any statutory accounting revisions, but supports blanks revisions to consistently define how the acquisition date should be reported on the investment schedules:

- On year-end "owned" investment schedules, the date "acquired" shall reflect the date the investment was originally acquired. This date shall not be revised subsequent to initial acquisition, regardless of whether additional investment (shares, lots, etc.) has been acquired.

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- On acquisition schedules, the acquisition date shall reflect the date the investment was acquired in the current year. If the investment was acquired on multiple dates in the current year, each acquisition shall be captured on separate reporting lines. If the investment was previously held, the reported current year acquisition date shall not override the date originally acquired on the year-end "owned" schedule.

This agenda item requests regulator comments on whether it would be beneficial to add a new column to the year-end "owned" schedules to detail "most recent acquisition date." If supported, this will be an additional field separate from the date acquired.

This agenda item does not propose revisions to the derivative schedules. For the derivative schedules, the trade date can be updated to reflect the most recent trade with the specific counterparty, but only if all instruments included in the summarized reporting line are identical.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing categorized as a SAP clarification and sponsor a blanks proposal to consistently define how the acquisition date shall be reported throughout the investment schedules, excluding derivatives on Schedule DB. It is proposed that Schedule DB retain the current guidance. This agenda item requests regulator comments on whether it would be beneficial to add a new column to the "owned" schedules to detail "most recent acquisition date." If supported, this will be an additional field separate from the date acquired. This agenda item does not include SSAP revisions.

- On year-end "owned" investment schedules (excluding Schedule DB: Derivatives), the date "acquired" shall reflect the date the investment was originally acquired. This date shall not be revised subsequent to initial acquisition, regardless of whether additional investment (shares, lots, etc.,) has been acquired.

- On acquisition schedules (and schedules were the acquisition and disposal occurred in the same year) (excluding Schedule DB: Derivatives), the acquisition date shall reflect the date investment was acquired in the current year. If the investment was acquired on multiple dates in the current year, each acquisition shall be captured on separate reporting lines. If the investment was previously held, the reported current year acquisition date shall not override the date originally acquired on the year-end "owned" schedule.

Ref #	Title	Attachment #
2026-25 (Julie)	**CLO Definition**	**K – Agenda Item**

Summary:

This agenda item has been prepared to review and revise the existing collateralized loan obligation (CLO) definition captured in the annual statement instructions. The existing definition has the potential to restrict the debt securities captured and include structures with underlying real-estate risk as CLOs. From a review of items reported on the CLOs/CBOs/CDOs reporting line from 2025, the Structured Securities Group (SSG) identified that 11% of the reported BACV was in fund finance, residential and commercial mortgage-backed securities (RMBS & CMBS), home equity line of credits (HELOC's) and commercial real estate (CRE) CLO or other securitization that has real estate risk.

Self-liquidating financial asset-backed securities that do not qualify as RMBS or CMBS (agency or non-agency) or as CLOs/CBOs/CDOs shall be reported as "Other Financial Asset-Backed Securities – Self Liquidating" on Schedule D-1-2: Asset-Backed Securities.

Existing ASI Definition for CLOs/CBOs/CDOs and Other Financial Asset-Backed Securities:

> Non-Agency – CLOs/CBOs/CDOs: Include self-liquidating collateralized loan obligations (CLO), collateralized bond obligations (CBO), and collateralized debt obligations (CDO). In general, this category includes pools of assets whose cash flows are divided into 2 or more tranches. This also includes any other significant leverage inside the deal, for example, in the form of off-market swaps or repo. The underlying collateral in this category consists of corporate or structured credit, cash or synthetic. This category does not include single name underlying collateral. Lastly, the repayment of the securities issued by CLOs/CBOs/CDOs depend primarily on the default and recovery of the underlying collateral and not on their market value.
>
> Other Financial Asset-Backed Securities – Self-Liquidating: Include self-liquidating financial asset-backed securities not issued by a government agency that are not backed by commercial or residential mortgage loans and that are not considered CLOs/CBOs/CDOs.

Recommendation:

NAIC staff recommend that the Working Group move this item to the active listing categorized as SAP clarification and sponsor a blanks proposal to revise the definition of what shall be captured in the CLO/CBO/CDO Schedule D-1-2: Asset-Backed Securities reporting line. With exposure, NAIC staff recommend that the Working Group direct NAIC staff to sponsor a blanks proposal to modify the definition in the annual statement instruction. The proposed new definition is shown below.

> Non-Agency – CLOs/CBOs/CDOs (Collateralized Loan Obligations / Collateralized Bond Obligations / Collateralized Debt Obligations): Includes all asset-backed securities (ABS) for which repayment is derived from the cash flows of a pool of self-liquidating corporate credit obligations, whether in the form of debt securities or loans, and whether secured directly through a securitization or indirectly through one or more feeder funds. This excludes non-credit corporate obligations such as trade receivables, tax receivables, etc. Broadly Syndicated CLOs are a subset primarily backed by broadly syndicated corporate loans, which are typically rated by credit rating agencies, and distributed to a wide range of institutional investors. Investments that have underlying real estate risk, including items commonly referred to as Commercial Real Estate (CRE) CLOs, shall not be reported in this category.

B. Consideration of Maintenance Agenda – Active Listing

1. Ref #2025-24: Commitments and Contingencies Disclosures

Ref #	Title	Attachment #
2025-24 (Wil)	**Commitments and Contingencies Disclosures**	**L – Agenda Item M – Current Draft Revisions**

Summary:

This agenda item was first exposed at the 2025 Fall National Meeting in response to comments from both industry and regulators. This agenda item proposes revisions to the annual statement instructions and several SSAPs to improve and clarify the reporting requirements of commitments in both the notes and the investment schedules.

Since the initial exposure, NAIC staff have worked with regulators and interested parties to further refine the proposed revisions.

For discussion at the 2026 Fall National Meeting, a separate exhibit (Attachment M) details the current draft revisions and reflect changes based on discussions with regulators and interested parties. To avoid confusion, deletions from the proposed revisions exposed at the 2025 Fall National Meeting are not tracked in the exhibit. Significant revisions reflected in the current draft revisions include:

- Contingent Commitments: References to contingent commitments as a category separate from commitments have been removed from both the original proposed revisions and existing SSAP guidance. Discussions with regulators and interested parties indicated that separately identifying contingent commitments would provide little regulatory value and could create confusion for reporting entities.
- Commitment Definition: The definition of a commitment was refined to focus on arrangements which were binding rather than specifically legally binding. Feedback provided during discussions noted that arrangements could be binding in a number of ways, for example failure to fulfill the commitment could have reputational considerations which would make the arrangement binding. Certain application guidance was also moved from the definition to separate subparagraphs, and a footnote was added to further explain the concept of a binding arrangement.
- Comprehensive Summary of Commitments: Several changes were made to the proposed Summary of Commitments disclosure. The summary is now proposed to replace the existing Note 14A(1) narrative disclosure because much of that information is already reported elsewhere in the note. The proposed reporting lines in the Summary of Commitments disclosure were also refined to pull investment commitments from the schedules rather than the notes. As such, most of the data pulls for investment related commitments in the notes to the financial statements were deleted. In addition, reporting lines for unrecorded guarantees and guaranty assessments were removed, and instructions were added requiring narrative disclosures for items reported within the “Other” categories.
- Commitment for Investment Reporting: The revised draft expands commitment reporting by adding a Commitment for Investment column to the applicable owned and acquired sections of Schedules B and D and by revising Schedule BA to provide consistent reporting requirements across investment schedules. These proposed revisions also expand the scope of reporting commitments on the investment schedules to all investment commitments, including commitments for initial investment. Corresponding revisions are proposed to the annual statement instructions for each investment schedule, as well as to the Investment Schedules General Instructions to provide general guidance on reporting investment commitments and an exception from investment commitment reporting for regular-way security trades. These revisions are intended to provide regulators with investment-level detail on reported investment commitments and to allow the Summary of Commitments disclosure to pull total commitments directly from each applicable investment schedule.

One of the items discussed frequently during interim meetings was the potential RBC impact of the proposed summary of commitments disclosure. As proposed, this disclosure would be a prescribed, data captured schedule with most reported amounts sourced directly from existing notes or investment schedules and verified with cross checks. The summary of commitments is also proposed to replace the existing disclosures in Note 14A(1), including the requirement to report Total Contingent Liabilities which is pulled into the RBC calculation as an Off-Balance Sheet Asset Risk. As a result, commitments reported in the summary of commitments disclosure would replace Total Contingent Liabilities for RBC purposes.

NAIC staff pulled the historic annual instructions for the Total Contingent Liabilities disclosure requirement used for RBC and noted that the contingent liabilities / commitments originally required to be reported in this total were quite expansive. A version of these instructions existed in the annual since at least 1993, which was the

inaugural year for the Life RBC formula, up until 2001 and provided instructions for the contingent liability disclosure which was in turn pulled through to RBC. (see Current Draft Revisions for excerpt of 2000 A/S instructions)

NAIC staff recommend that upon adoption of this agenda the Working Group sponsor a referral to Capital Adequacy (E) Task Force to assess which commitments should be pulled into the RBC calculation and whether the RBC factor currently in use should be re-assessed. Comments provided by industry in the interim recommend that only investment-related commitments (acquisition of an asset) should be pulled through to the RBC calculation. An "investment only" approach would be a departure from the broad scope of the original instructions for Total Contingent Liabilities. NAIC staff defer to the Capital Adequacy (E) Task Force on whether the RBC calculation should be limited to investment commitments, investment commitment plus other specific types of commitments, or all reported commitments.

Recommendation:

NAIC staff recommend that the Working Group reclassify this item as a New SAP Concept and expose the agenda item and updated revisions as detailed in the "Current Draft Revisions" document for public comment. In addition, NAIC Staff also recommend that the Working Group direct NAIC staff to document the discussion and conclusions of this project in an issue paper, and sponsor a corresponding blanks proposal for the proposed revisions.

Significant Proposed revisions detailed in the "Current Draft Revisions" document include:

- *SSAPs:*
  - Revisions and reformatting of the proposed definition of commitments to SSAP No. 5.
  - Remove references to contingent commitments throughout APPM.
  - Disclosure requirement for commitments related to early termination fees and recallable distributions.
  - Clarification that insurer guarantees of repayment on debt instruments or credit facilities held by SCAs or SSAP No. 48 investee must be disclosed as commitments.
  - Add clarifying language to SSAP No. 21 to specify when private placement non-bond debt securities should be recorded.
- *Annual Statement:*
  - Replace existing commitments disclosure in Note 14A(1) with comprehensive summary disclosure of commitments.
  - Clarifying revisions to Note 14F to ensure the disclosure instructions match SSAP No. 5 and clarify the requirement to disclose amounts accrued.
  - Add "Commitment for Investment" column, with instructions, to Schedule D: Parts 1-3 and Schedule B: Parts 1-2 and revise the instructions for the existing "additional commitments" column in Schedule BA.
  - Add general investment instructions to require all investment commitments be reported on the applicable investment schedule, regardless of whether the related investment has an existing balance or is an initial investment commitment. Commitments for an initial investment would be reported as a current year acquisition, but with the investment cost and BACV reflected as zero.

C. Any Other Matters

a. Receive Investment Analysis (E) Working Group Referral – Reporting of Structured Investments and Underlying Collateral and other Reporting Enhancements (Julie - Attachment N)

On October 21, 2026, the Investment Analysis (E) Working Group provided a referral to the Statutory Accounting Principles (E) Working Group on the reporting of structured investments and underlying

collateral and other reporting enhancements. **The Working Group is requested to receive the referral and direct NAIC staff to proceed with drafting an agenda item for exposure in the interim or the 2027 Spring National Meeting.** The recommendations in the referral are summarized as follows:

- Improve classification within ABS reporting lines and the use of collateral code types by establishing a threshold for designating investments. Investments that do not meet the designated threshold would be identified as multi-collateral structures.

- Consider the addition of dedicated annual statement reporting category (or categories) for multi-collateral financial asset-backed securities, including investments supported by collateral that can otherwise fit into multiple line items.

- Consider the addition of a separate structure code that identifies the manner in which an insurer obtains exposure to the underlying collateral, such as through a securitization, feeder funds or other indirect structure. Additionally, may be needed on how an insurer should look through legal structures for classification purposes. (For example, how to distinguish looking through a feeder fund structure versus classifying the structure as equity-backed.)

b. Update on the SSAP No. 48 Discussions – (Julie)

This project (agenda item 2025-26) is reviewing the overall guidance as well as the process in which equity changes are reported for investments in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*. During the 2026 Spring National Meeting, the Working Group heard initial comments from the December 2025 initial agenda item exposure and directed NAIC staff to move forward with proposing revisions to SSAP No. 48, working with interested parties to understand current application of existing guidance.

In the interim, NAIC staff had many calls with industry to discuss key aspects of the guidance. NAIC staff have developed a preliminary draft of a revised SSAP No. 48 and issue paper. Further discussion of the concepts within the small group is expected in the interim, with presentation to the Working Group and require for exposure anticipated early in 2027.

c. Review of U.S. GAAP Exposures (Jason/Robin – Attachment O)

The attachment details the items currently exposed by the FASB. Comments are not recommended at this time – NAIC staff recommend review of the final issued ASU under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

d. Kerper and Bowron Comments on the Unearned Premium Tests in SSAP No. 65 (Jake – Attachment P)

The attached comment letter was received from Kerper and Bowron with recommended changes to the unearned premium calculation for policies in excess of 13 months in *SSAP No. 65—Property and Casualty Contracts*. NAIC staff will work with the firm after the Fall National Meeting to get an understanding of the recommendation, and any potential action items will be done with an agenda item through the regular Working Group process.

Comment Deadline: Friday, February 12, 2027

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

Issue: Private Letter Ratings Disclosure

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been prepared in response to regulator requests to better identify the use and sources of private letter ratings (PLR) in the statutory financial statements. Understanding the extent to which PLRs are used to determine reported NAIC designations, as well as the concentration of credit rating providers (CRPs) issuing those PLRs has been identified as a key regulatory focus for state insurance regulators.

Currently, statutory financial statements do not provide regulators or the public with a readily accessible means of determining the extent to which reported NAIC designations are supported by private letter ratings or the relative concentration of PLRs among CRPs. Reporting entities should identify PLRs with a specific administrative symbol in the investment schedules, but there is no summary of the aggregate results or any information on the concentration among CRPs. This information would provide greater visibility into the use of PLRs as an input to the NAIC designation process and assist regulators in evaluating potential concentrations and trends in their use across the industry.

To address potential proprietary and confidentiality concerns, the proposed disclosure has been structured to avoid identifying individual securities, issuers, or the underlying terms or content of any PLR. Instead, the disclosure would only identify the aggregate book/adjusted carrying value (BACV) in both Schedule D-1-1: Long-Term Bonds – Issuer Credit Obligations and Schedule D-1-2: Asset-Backed Securities for where the reported NAIC designation was determined by a private letter rating. The aggregate BACV would then be allocated, on a percentage basis, among the CRPs that issued the underlying PLRs.

The proposed disclosure is intended to provide meaningful regulatory transparency while preserving the proprietary and confidential nature of the underlying private ratings and rating analyses. More broadly, as private letter ratings can play a meaningful role in determining the statutory treatment of investments, transparency regarding the extent and concentration of their use is an important component of regulatory oversight. While the underlying content of a PLR may appropriately remain confidential and proprietary, the continued lack of visibility into the use and concentration of PLRs represents an area where greater transparency will benefit regulators and other users of statutory financial information.

Existing Authoritative Literature:
There is no current disclosure in the notes to financial statements on the source of NAIC designations. NAIC designations are captured in the investment schedules. NAIC designations that have been determined by a private letter rating shall be identified with a PL or a PLGI as the administrative symbol.

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:

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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 categorized as SAP clarification and expose revisions to *SSAP No. 26—Bonds* and *SSAP No. 43—Asset-Backed Securities* to incorporate new disclosures for inclusion in the notes to the financial statements related to the source of private letter ratings. With exposure, NAIC staff recommends the Working Group sponsor a blanks proposal to allow for year-end 2027 inclusion.

Proposed Revisions to SSAP No. 26 and SSAP No. 43:
Remaining disclosure paragraphs will be renumbered accordingly. The disclosure is identical except for the reference of bonds and ABS.

SSAP No. 26—Bonds

Disclosures

40. The financial statements shall include the following disclosures:

f. The aggregate book/adjusted carrying value (BACV) for bonds and assets in scope of this statement for which the NAIC Designation is supported by a private letter rating (PLR), and the percentage of the aggregate BACV attributed to PLRs from each credit rating provider (CRP).

SSAP No. 43—Asset-Backed Securities

Disclosures

64. The financial statements shall include the following disclosures:

f. The aggregate book/adjusted carrying value (BACV) for asset-backed securities in scope of this statement for which the NAIC Designation is supported by a private letter rating (PLR), and the percentage of the aggregate BACV attributed to PLRs from each credit rating provider (CRP).

Proposed Annual Statement Note Instruction and Illustration:

Instruction: Reporting entities shall report the aggregate book/adjusted carrying value (BACV) for debt securities reported on Schedule D-1-1 (ICO Bonds) and Schedule D-1-2 (ABS) for which the NAIC Designation is supported by a private letter rating (PLR), and the percentage of the aggregate BACV attributed to PLRs from each credit rating provider (CRP). The total percentage attributed to the CRPs shall equal 100%. Although it is presumed that each debt security is supported by only one PLR, in the event that a reporting entity received two or more PLRs for the same security, then the reporting entity shall attribute the BACV to the CRP for which the resulting PLR was used in determining the reported NAIC designation. If a reporting entity does not know the CRP source that provided the PLR, then it shall be captured in the "CRP Source of the PLR is Unknown" reporting line.

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Proposed New Illustration:

	Schedule D-1-1: ICO Bonds	**Schedule D-1-2: ABS**
Total BACV Supported by Private Letter Ratings:	$	$
Percentage of BACV with PLR by CRP Issuer:		
A.M. Best Rating Services, Inc.	%	%
DBRS, Inc. (DBRS Morningstar)	%	%
Egan Jones Ratings Company	%	%
Fitch Ratings	%	%
HR Ratings LLC	%	%
Kroll Bond Rating Agency, Inc. (KBRA)	%	%
Moody's Investors Service, Inc.	%	%
S&P Global Ratings	%	%
Other Approved CRP*	%	%
CRP Source of PLR is Unknown	%	%
Percentage Total Must Equal 100%	**%**	**%**

* The "Other Approved CRP" category shall only be used if the NAIC has approved a new CRP that has not yet been captured in this data-captured disclosure listing. A listing of the approved CRPs is detailed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*.

Staff Review Completed by: Julie Gann, August 2026.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/A - 26-16- PLR Disclosure.docx

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

Issue: SSAP No. 21 – Collateral Loan Disclosures

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been prepared in response to the Life Risk-Based Capital (E) Working Group (LRBC WG) July 16, 2026, referral response on collateral loans Schedule BA reporting. The response informs the Statutory Accounting Principles (E) Working Group that the LRBC WG adopted RBC charges to be effective with 2027 RBC filings based on the overcollateralization percentage for two types of collateral loans: 1) collateral loans backed by joint ventures, partnerships and limited liability company interests and 2) collateral loans backed by residuals.

The referral response identifies that to address concerns over valuation of collateral, the adopted methodology requires independent verification of collateral fair value. It also notes that the ACLI suggested in its April 10, 2026, comment letter that "*insurers could disclose the valuation range associated with the independent valuation analysis. While regulators already have access to this information as required by SSAP 21, proactive disclosure of a valuation range, rather than a single point estimate, would allow regulators to better assess the reasonableness of the fair value used in the LTV calculation and provide additional context around estimation uncertainty.*"

The response notes that to facilitate implementation of the proposal, the LRBC WG requests that the Statutory Accounting Principles (E) Working Group incorporate additional disclosures such that the following information becomes readily available for collateral loans in scope:

a) Whether or not independent verifications of collaterals' fair values are obtained.
b) Details of the verification, date of appraisal, name of entity performing verification, etc.
c) Range of valuations.

Furthermore, the response identified that the LRBC WG has made permanent the interim look-through solution for collateral loans backed by mortgage loans. The response then suggests that either the 2024 interim guidance memo posted on the Blanks (E) Working Group webpage be updated, or that guidance be incorporated into the annual statement instructions to effectuate the look-through of collateral loans backed by mortgages. (The explicit language from the referral has been included within the Authoritative Literature section for quick reference.)

In accordance with the requests from the LRBC WG, this agenda item proposes corresponding disclosure revisions for collateral loans as well as proposes annual statement instruction changes for collateral loans backed by mortgage loans. To allow for consistent reporting across the investment schedules, the revisions proposed within this agenda item are for all lines of business and for all collateral loans even though the information may only be utilized in the RBC calculation for life entities for certain collateral loans.

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Existing Authoritative Literature:

SSAP No. 21—Other Admitted Assets
Collateral Loans

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of a qualifying investment[2] and meet the definition of assets as defined in SSAP No. 4 and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*.

b. Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments, which would otherwise be admitted, shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the permitted relationship of fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral, which shall be made available to the applicable domiciliary regulator and independent audit firm upon request.

5. Collateral loans shall be reported based on the type of qualifying investment that secures the loan. An aggregate note disclosure shall identify the total amount of collateral loans, and the collateral loans admitted and nonadmitted by qualifying investment type.

FN1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26—Bonds* includes securities that qualify as issuer creditor obligations, and *SSAP No. 43—Asset-Backed Securities* includes securities that qualify as asset-backed securities under the bond definition. Investments captured in SSAP No. 26 or SSAP No. 43 that are also secured with collateral shall continue to be captured within scope of those statements.

FN2: A qualifying investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities*, which would, if held by the insurer, qualify for admittance. For example, if the collateral would not qualify for admittance under SSAP No. 4 due to encumbrances or other third-party interests, then it does not meet the definition of "qualifying" and the collateral loan, or any portion thereof which is not adequately collateralized, is not permitted to be admitted. In the cases where the collateral is an equity/unit investment in a joint venture, partnership, limited liability company, and/or SCA is pledged as collateral in a collateral loan, audited financial statements on a consistent annual basis are always required in accordance with *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and/or *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*.

Life Risk-Based Capital (E) Working Group – Referral Response Dated July 16, 2026:

Collateral Loans BA Schedule Reporting:

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Life Risk-Based Capital (E) Working Group met June 18, 2025, and received a referral from Statutory Accounting Principles (E) Working Group (SAPWG) regarding collateral loan schedule BA reporting changes. The referral included the impetus of implementing more granular reporting:

The SAPWG identified that some reporting entities were using collateral loans as a way to access certain types of investment structures while obtaining more favorable RBC than if they held the underlying collateral directly. As such, the ability to incorporate RBC parity for certain collateral loans to what would be incurred if the collateral was held directly was a focus of the project to incorporate more granular reporting lines.

In response to SAPWG's request to reconsider risk-based capital (RBC) and Asset Valuation Reserve (AVR) factors for collateral loans, the Life Risk-Based Capital (E) Working Group deliberated RBC proposal 2025-16-L (Collateral loans) in late 2025 to early 2026. Ultimately, the Working Group adopted a modified proposal to assess RBC charges based on overcollateralization %, for two types of collateral loans only: i) collateral loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests and ii) collateral loans backed by residual tranches, collectively "collateral loans in scope". The proposal will take effect from 2027 RBC filings.

To address regulators' concerns over valuation of collaterals, the adopted methodology requires independent verification of collaterals' fair value, absent of which will lead to full look-through in assessing charges as if the collaterals are owned directly. To further enhance transparency, American Council of Life Insurers (ACLI) further suggest in its comment letter dated April 10, 2026: "*insurers could disclose the valuation range associated with the independent valuation analysis. While regulators already have access to this information as required by SSAP 21, proactive disclosure of a valuation range, rather than a single point estimate, would allow regulators to better assess the reasonableness of the fair value used in the LTV calculation and provide additional context around estimation uncertainty."*

In order to facilitate effective implementation of adopted proposal 2025-16-L MOD (Collateral loans), the Working Group directs this referral to Statutory Accounting Principles (E) Working Group, requesting additional disclosures in Annual Statement Blanks, Schedule BA Other Long-Term Invested Assets page such that the following information become readily available for collateral loans in scope:

a) Whether or not independent verifications of collaterals' fair values are obtained.
b) Details of the verification, date of appraisal, name of entity performing verification etc.
c) Range of valuations.

Note that with the adoption of 2024-19BWG MOD, insurers are already required to disclose "Fair Value of Collateral Backing the Collateral Loan" and "Current Overcollateralization Percentage to the Collateral Loan", with effect from 2026 Annual Statement filings.

Finally, proposal 2025-16-L MOD (Collateral loans) also made permanent the interim solution adopted for collateral loans backed by mortgage loans (Proposal 2024-15-L). As such, the Working Group would like to request refresh of SAPWG memo and/or guidance be incorporated into the annual statement instructions to effectuate the look through of collateral loans backed by mortgage loans in the Asset Valuation Reserve's Equity and Other Invested Asset Component table.

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

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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 categorized as a SAP clarification and expose revisions to *SSAP No. 21—Other Admitted Assets* to incorporate additional reporting elements for collateral loans pertaining to the independent verification of the collateral's fair value as requested by the Life RBC (E) Working Group. This agenda item also illustrates proposed annual statement instruction and Blanks revisions, including changes to facilitate a look-through of collateral loans backed by mortgage loans via the AVR when the reporting entity has supporting documentation on the underlying type and quality of the mortgage loans. With exposure, NAIC staff recommend sponsoring a blanks proposal to incorporate the edits.

Revisions are also proposed to SSAP No. 21 to delete reference to "permitted relationship" between the loan outstanding and the fair value of pledged investment. This is a historical phrase within the guidance and there is uncertainty about the intent and meaning of this phrase.

The proposal incorporates the additional disclosure components for all collateral loan structures, with the Schedule BA reporting columns applicable to all lines of business. This is proposed to ensure consistency in reporting although the information may only be used in the life RBC formula for collateral loans backed by SSAP No. 48 investments and residuals.

Proposed Revisions to SSAP No. 21:

Collateral Loans

4. Collateral loans are unconditional obligations[1] for the payment of money secured by the pledge of a qualifying investment[2] and meet the definition of assets as defined in SSAP No. 4, and are admitted assets to the extent they conform to the requirements of this statement. The outstanding principal balance on the loan and any related accrued interest shall be recorded as an admitted asset subject to the following limitations:

a. Loan Impairment—Determination as to the impairment of a collateral loan shall be based on current information and events. When it is considered probable that any portion of amounts due under the contractual terms of the loan will not be collected the loan is considered impaired. The impairment shall be measured based on the fair value of the collateral less estimated costs to obtain and sell the collateral. The difference between the net value of the collateral and the recorded asset shall be written off in accordance with *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*.

b. Nonadmitted Asset—In accordance with *SSAP No. 20—Nonadmitted Assets*, collateral loans secured by assets that do not qualify as investments, which would otherwise be admitted, shall be nonadmitted. Further, any amount of the loan outstanding which is in excess of the ~~permitted relationship of~~ fair value of the pledged investment to the collateral loan shall be treated as a nonadmitted asset. ~~To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral, which shall be made available to the applicable domiciliary regulator and independent audit firm upon request.~~

c. Fair Value Measurement of Underlying Collateral—To support the admissibility of collateral loans, reporting entities shall maintain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral. This documentation shall be made available

to the domiciliary regulator upon request, with the following elements reported in the statutory financial statements:

i. Attestation that independent verification of the collateral fair value has been obtained.

ii. Date of the independent verification/appraisal

iii. Name of entity performing the verification.

iv. The range (lowest and highest) of the valuations provided by the independent entity.

5. Collateral loans shall be reported based on the type of qualifying investment that secures the loan. An aggregate note disclosure shall identify the total amount of collateral loans, and the collateral loans admitted and nonadmitted by qualifying investment type.

FN1: For purposes of determining a collateral loan in scope of this statement, a collateral loan does not include investments captured in scope of other statements. For example, *SSAP No. 26—Bonds* includes securities that qualify as issuer creditor obligations, and *SSAP No. 43—Asset-Backed Securities* includes securities that qualify as asset-backed securities under the bond definition. Investments captured in SSAP No. 26 or SSAP No. 43 that are also secured with collateral shall continue to be captured within scope of those statements.

FN2: A qualifying investment defined as those assets listed in Section 3 of *Appendix A-001—Investments of Reporting Entities*, which would, if held by the insurer, qualify for admittance. For example, if the collateral would not qualify for admittance under SSAP No. 4 due to encumbrances or other third-party interests, then it does not meet the definition of "qualifying" and the collateral loan, or any portion thereof which is not adequately collateralized, is not permitted to be admitted. In the cases where the collateral is an equity/unit investment in a joint venture, partnership, limited liability company, and/or SCA is pledged as collateral in a collateral loan, audited financial statements on a consistent annual basis are always required in accordance with *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and/or *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*

Proposed Revisions to Schedule BA Reporting Lines and Collateral Loan Columns:

Collateral Loans – Reported by Collateral that Secures the Loan

Backed by Mortgage Loans
- Unaffiliated 3199999
- Affiliated 3299999

Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies
- Unaffiliated 3399999
- Affiliated 3499999

Backed by Residual Tranches or Interests
- Unaffiliated 3599999
- Affiliated 3699999

Backed by Debt Securities
- Unaffiliated 3799999
- Affiliated 3899999

Backed by Real Estate
- Unaffiliated 3999999
- Affiliated 4099999

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Collateral Loans – All Other- Backed by Other Collateral Types
Unaffiliated 4199999
Affiliated 4299999

Collateral Loans

Include: Refer to *SSAP No. 21—Other Admitted Assets* for a definition of collateral loans. Loans that are backed by any form of collateral, regardless of if the collateral is sufficient to fully cover the loan, shall be captured in this category. Guidance in SSAP No. 21 shall be followed to determine nonadmittance.

In the description column, include the name of the actual borrower and state if the borrower is a parent, subsidiary, affiliate, officer or director. Also include the type of collateral held.

Classify the collateral loan in accordance with the type of collateral held, such that if the loan was to default and the collateral was to be claimed by the reporting entity, where it would be captured (investment type by SSAP) as a directly-held investment. If more than one form of collateral secures the loan, classification should occur based on the primary collateral source, unless the collateral includes residuals or joint ventures, LLCs or partnership interests. If the collateral source includes any residuals, the entire collateral loan shall be classified as backed by residuals. If the collateral does not include residuals, but does include joint ventures, LLCs or partnership interests, then the entire collateral loan shall be reported as backed by joint ventures, LLCs or partnership interests. If there is more than one collateral source, and the collateral does not include residuals, joint ventures, LLCs or partnership interests, the collateral loan shall be classified with the collateral source reflecting the highest percentage of collateral. The "all other" collateral loan category shall only be used to capture collateral loans secured by collateral in the form of contract loans, derivatives, other invested assets not separately reported, receivables for securities, securities lending and any investments that would qualify as a write-in for invested assets.

- Backed by Mortgage Loans – collateral loans backed by mortgage loans that would be in scope of *SSAP No. 37—Mortgage Loans and SSAP No. 83—Mezzanine Real Estate Loans* if held directly. This shall include all collateral loans backed by mortgage loans. Allocation through the AVR schedule is impacted based on whether the company has supporting documentation verifying the type and quality of the underlying mortgage loans:
    - Collateral loans backed by mortgage loans where the reporting entity does not have supporting documentation verifying the type and quality of

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underlying mortgage loans shall flow through AVR Section K (Collateral Loans) reporting lines 1-2.

- Collateral loans backed by mortgage loans where the reporting entity has supporting documentation verifying the type and quality of underlying mortgage loans are permitted to be reported in AVR Section E (Other Invested Assets with Underlying Characteristics of Mortgage Loans) reporting lines 1-28. The specific reporting lines utilized shall be consistent with the type and quality of the underlying mortgage loans. If a collateral loan is supported by more than one mortgage loan, and the mortgage loans have different characteristics, the collateral loan shall be bifurcated throughout the noted AVR lines proportionately in accordance with the underlying characteristics of the mortgage loans.

- Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – collateral loans backed by an investment that would be in scope of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* if held directly.

- Backed by Residual Tranches or Interests – collateral loans backed by an investment that would be in scope of *SSAP No. 21—Other Admitted Assets* as a residual if held directly.

- Backed by Debt Securities – collateral loans backed by an investment that would be assessed under *SSAP No. 26—Bonds* for bond reporting (either as an ICO or ABS) if held directly. This classification does not require confirmation that the debt security would qualify as a bond. Debt securities could be reported on either Schedule D if qualifying for reporting as a bond or Schedule BA if the investment is a non-bond debt security.

- Backed by Real Estate – collateral loans backed by an investment that would be captured in scope of *SSAP No. 40—Real Estate Investments* if held directly.

- Collateral Loans – Backed by Other Collateral Types – the Backed by Other Collateral Types subcategory shall include collateral loans not captured in any other collateral loan reporting line. All collateral loans secured by collateral that does not qualify under SSAP No. 21 are required to be nonadmitted unless supported by a prescribed or permitted practice disclosure.

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Columns 27-30 Shall be Completed only for "Collateral Loans – Reported by Collateral That Secures the Loan"

Column 27 – Attestation of Current Year Independent Verification of Collateral Fair Value

Report "Y" to attest that a current year independent verification of the collateral fair value was received. Report "N" if a current year independent verification was not obtained. For this attestation, to report a "Y", the independent verification must support the current reported fair value of the collateral backing the loan. To be considered an independent verification, the verification must not be obtained from a related party as defined in *SSAP No. 25—Affiliates and Other Related Parties*.

Column 28 – Date of Independent Verification

Report the date for which the most recent independent verification was received. Entities shall report the most recent date for which the independent verification occurred, even if they do not have an independent verification for the current year reported collateral.

Column 29 – Name of Entity Performing Independent Verification of Collateral Fair Value

Report the name of the entity that performed the most recent independent verification of the collateral fair value.

Column 30 – Lowest Estimated Fair Value of Collateral Backing the Collateral Loan

If the independent verification provides for a range of collateral values, report the lowest point in the range. If the independent verification was for a single value, report the single fair value provided. If "N" is reported in Column 27, report zero in this column.

~~Complete column only for Collateral Loans – Reported by Collateral that Secures the Loan~~.

Column 31 – Highest Estimated Fair Value of Collateral Backing the Collateral Loan

If the independent verification provides for a range of collateral values, report the highest point in the range. If the independent verification was for a single value, report the single fair value provided. If "N" is reported in Column 27, report zero in this column.

Column 32 – Current Overcollateralization Percentage to the Collateral Loan

Report the current overcollateralization percentage from a comparison of the fair value of the collateral to the book/adjusted carrying value (BACV) of the collateral loan. For example, if the fair value of the collateral and BACV agree, 100% shall be reported. If the fair value of the collateral is $120, and the BACV of the collateral loan is $150, 80% shall be reported. The shortfall of the collateral ($30) shall be reported as a nonadmitted asset on the balance sheet.

The calculation of the current overcollateralization percentage shall utilize either the stated fair value of the collateral pursuant to the independent valuation verification, or in the case of a range where a low and high number are reported in columns 30-31, the reporting entity shall utilize their best estimate of the fair value from the reported range.

Proposed Revisions to AVR:

Section E:
Lines 1
through 27 – 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/asset-backed securities included in Lines C1 through C7 above, in Columns 1 and 4. Categorize the mortgage loans as indicated in Lines E1 through E27.

Collateral loans backed by mortgage loans where the reporting entity has supporting documentation verifying the type and quality of underlying mortgage loans are permitted to be reported in this AVR section. The specific reporting lines utilized shall be consistent with the type and quality of the underlying mortgage loans. If a collateral loan is supported by more than one mortgage loan, and the mortgage loans have different characteristics, the collateral loan shall be bifurcated throughout the noted AVR lines proportionately in accordance with the underlying characteristics of the mortgage loans.

For Lines E1 through E27, the classification methodology for mortgages is outlined in the Life Risk-Based Capital instructions. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7, and 9, Lines E1 through E27. Report the products by category in Columns 6, 8, and 10, respectively.

Section K:
Lines 1 through 13 – Collateral Loans

Line 1 – Backed by Mortgage Loans – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3199999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Unaffiliated Collateral loans backed by mortgage loans where the reporting entity does not have supporting documentation verifying the type and quality of underlying mortgage loans shall be reported in this AVR category.

Line 2 – Backed by Mortgage Loans – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3299999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Affiliated Collateral loans backed by mortgage loans where the reporting entity does not have supporting documentation verifying the type and quality of underlying mortgage loans shall be reported in this AVR category.

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Line 3 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3399999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 4 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 5 – Backed by Residual Tranches or Interests – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 6 – Backed by Residual Tranches or Interests – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3699999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 7 – Backed by Debt Securities – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3799999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 8 – Backed by Debt Securities – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3899999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 9 – Backed by Real Estate – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3999999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 10 – Backed by Real Estate – Affiliated

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Report the book/adjusted carrying value of all Schedule BA assets in Line 4099999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 11 – Collateral Loans – All Other – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4199999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line 12 – Collateral Loans – All Other – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4299999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Proposed Revisions to Notes to Financial Statements / Illustration

S. Aggregate Collateral Loans by Qualifying Investment Collateral

Pursuant to *SSAP No. 21—Other Admitted Assets,* nonadmittance of a collateral loan is required when the fair value of the collateral is not sufficient to cover the collateral loan or if the collateral securing the loan is not a qualifying investment. This includes situations in which collateral in form of joint ventures, partnerships, limited liability companies (LLCs) or subsidiaries, controlled, and affiliates (SCAs) is not supported by an audit as required by SSAP No. 48 or SSAP No. 97.

Collateral loans shall be reported based on the type of qualifying investment that secures the loan. If more than one form of collateral secures the loan, classification should occur based on the primary collateral source, unless the collateral includes residuals or joint ventures, LLCs or partnership interests. If the collateral source includes any residuals, the entire collateral loan shall be classified as backed by residuals. If the collateral does not include residuals, but does include joint ventures, LLCs or partnership interests, then the entire collateral loan shall be reported as backed by joint ventures, LLCs or partnership interests. If there is more than one collateral source, and the collateral does not include residuals, joint ventures, LLCs or partnership interests, the collateral loan shall be classified with the collateral source reflecting the highest percentage of collateral. ~~An~~ The aggregate note disclosure shall identify the total amount of collateral loans, and the collateral loans admitted and nonadmitted by qualifying investment type.

The other qualifying investment category shall only be used to capture collateral loans secured by collateral in the form of contract loans, derivatives, other invested assets not separately reported, receivables for securities, securities lending and any investments that would qualify as a write-in for invested assets. All collateral loans secured by collateral that does not qualify as an investment are required to be nonadmitted under SSAP No. 21.

Note: Collateral Loans with collateral that does not qualify as an investment are not permitted under SSAP No. 21. Amounts reported as admitted within this category shall be supported by a prescribed or permitted practice disclosure.

S. Aggregate Collateral Loans by Qualifying Investment Collateral

THIS EXACT FORMAT MUST BE USED IN THE PREPARATION OF THIS NOTE FOR THE TABLE BELOW. REPORTING ENTITIES ARE NOT PRECLUDED FROM PROVIDING CLARIFYING DISCLOSURE BEFORE OR AFTER THIS ILLUSTRATION.

Collateral Type	Aggregate Collateral Loan*	Admitted	Nonadmitted
(1) Cash, Cash Equivalent & ST Investments			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(2) Issuer Credit Obligations			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(3) Asset-Backed Securities			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(4) Preferred Stocks			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(5) Common Stocks			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(6) Real Estate			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(7) Mortgage Loans			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
c. AVR Look-Through*	.....	.....	.....
(8) Joint Ventures, Partnerships, LLC			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(9) Residuals			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(~~9~~10) Other Qualifying Investments			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(~~10~~11) Collateral Does not Qualify as an Investment			
a. Affiliated	.....	.....	.....
b. Unaffiliated	.....	.....	.....
(~~11~~12) Total	.....	.....	.....

*Collateral loans backed by mortgage loans where the reporting entity has supporting documentation verifying the type and quality of underlying mortgage loans, which are reported in AVR Section E (Other Invested Assets with Underlying Characteristics of Mortgage Loans) shall be reported on this line. The other mortgage loan lines shall agree to what is reported in AVR Section K (Mortgage Loans), lines 1-2.

Staff Review Completed by: Julie Gann, August 2026.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/B - 26-17 - SSAP No. 21 - Collateral Loans.docx

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Attachment C

To: Roy Eft, Chair of the Blanks (E) Working Group
Steve Drutz, Vice Chair of the Blanks (E) Working Group

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

Re: Collateral Loans Backed by Mortgage Loans

Date: November 15, 2026

The purpose of this memo is to notify the Blanks (E) Working Group that the interim changes communicated in 2024 for reporting collateral loans backed by mortgage loans have been supported as a permeant change. As such, collateral loans backed by mortgage loans where the reporting entity has supporting documentation of the type and quality of the underlying mortgage loans can continue to be reported through the AVR – Equity and Other Invested Asset Component as an "Other Invested Asset with Underlying Characteristics of Mortgage Loans." These collateral loans shall be captured in Section E lines 1-28 of the AVR – Equity and Other Invested Asset Component in accordance with the specific terms of the underlying mortgage loans. If a collateral loan is supported by more than one mortgage loan, and the mortgage loans have different underlying characteristics, then the collateral loan shall be bifurcated throughout the above noted AVR reporting lines proportionately in accordance with the underlying characteristics of the mortgage loans. These reporting lines will flow through to the RBC formula resulting in RBC factors in accordance with the underlying mortgage loans.

Although structural revisions to the AVR have been adopted to incorporate more granular reporting for all collateral loans in Section K (Collateral Loans) of the AVR, including those backed by mortgage loans, for year-end 2026, as detailed above, reporting entities are not required to utilize those reporting lines when they have the supporting documentation of the underlying mortgage loan characteristics. Revisions are being proposed to clarify the AVR instructions for collateral loans backed by mortgage loans, however, these instructional revisions will not be in effect until year-end 2027.

It is recommended that this memo, detailing the following instructions as a supplement to the existing reporting instructions for collateral loans backed by mortgage loans, be posted to the Blanks (E) Working Group website as a guide for year-end 2026. Annual statement revisions will be incorporated for subsequent years.

- Collateral Loans Backed by Mortgage Loans where the Reporting Entity Does not Have Supporting Documentation Verifying the Type and Quality of Underlying Mortgage Loans: Report in AVR Section K (Collateral Loans) reporting lines 1-2. Reporting in this location will result with the collateral loan receiving the base collateral loan RBC factor of 6.8%.

- Collateral Loans Backed by Mortgage Loans where the Reporting Entity Has Supporting Documentation Verifying the Type and Quality of Underlying Mortgage Loans: Report in AVR Section E (Other Invested Asset with Underlying Characteristics of Mortgage Loans) reporting lines 1-28. The specific reporting lines utilized shall be consistent with the type and quality of the underlying mortgage loans. If a collateral loan is supported by more than one mortgage loan, and the mortgage loans have different characteristics, the collateral loan shall be bifurcated throughout the noted AVR reporting lines proportionately in accordance with the underlying characteristics of the mortgage loans

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The existing data-captured note disclosure, which details collateral loans by supporting collateral, should agree in total to the total amount reported on Schedule BA for collateral loans, and that total, less collateral loans backed by mortgage loans captured in AVR Section E, shall agree to LR008, line 51, Schedule BA Collateral Loans.

Please contact NAIC staff Julie Gann (jgann@naic.org) if you have any questions.
Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/C - SAPWG to Blanks -2026 Collateral Loans.docx

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

Issue: SSAP No. 21 – Structured Settlements

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been prepared to revise existing reporting guidance for structured settlements, when the reporting entity acquires the legal right to receive payments. The current guidance for these structures is in *SSAP No. 21—Other Admitted Assets*. Unless the structured settlement is a securitization, these structures do not qualify as securities and are not captured within *SSAP No. 26—Bonds* as debt securities.

Existing guidance indicates that these structures shall be reported on Schedule BA—Other Long-Term Invested Assets. Footnote 4 of SSAP No. 21 indicates that these structures can be reported as an "Any Other Class of Asset" or as a "Fixed or Variable Interest Rate Investment with Underlying Characteristics of Other Fixed Income Investments." Historically, by reporting on the latter reporting line, an SVO-Assigned designation received for the structure resulted in an RBC impact.

The Schedule BA reporting line "Fixed or Variable Interest Rate Investment with Underlying Characteristics of Other Fixed Income Investments" was revised for year-end 2019 to reflect "Non-Registered Private Fund" as the reporting category, and that line category was eliminated as part of the principles-based bond project in 2025. (Since non-registered private funds are captured within SSAP No. 48, this reporting line was combined with the SSAP No. 48 reporting lines.) As such, under current reporting provisions, structured settlements would default to the Schedule BA "Any Other Class of Investment" reporting line. With this reporting, if there is an NAIC designation received from the SVO, the designation has no impact on RBC. The NAIC SVO has reporting provisions to provide designations for structured settlements, and these structures were afforded life RBC impact based on the SVO-Assigned designation in historical reporting.

This agenda item proposes to revise the footnote 4 of SSAP No. 21 and allow structured settlements that have SVO-Assigned Designations to be reported as an "interest in a joint venture, partnership or limited liability company with underlying assets having characteristics of bonds with an NAIC Designation Assigned by the SVO" if an NAIC designation was received from the SVO. Although structured settlements do not qualify as a SSAP No. 48 investment, this reporting line provides the ability for the SVO-Assigned Designation to impact RBC without creating new Schedule BA reporting lines for an immaterial asset class. This reporting location was selected as it presumed that items that were captured on the prior reporting line may have transitioned to this renamed current line, so for such instances, companies would not need to reclassify the investment. Further, the Annual Statement Instruction currently includes guidance to include structures settlement payment rights in scope of SSAP No. 21 that have an SVO-Assigned designation in this reporting category.

Existing Authoritative Literature:

SSAP No. 21—Other Admitted Assets

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Structured Settlements – Reporting Entity Acquires Legal Right to Receive Payments

7. A reporting entity that acquires (directly or indirectly) structured settlement payment rights[3] through a factoring company, excluding securitizations that qualify as asset-backed securities in scope of *SSAP No. 43—Asset-Backed Securities*, shall report the acquisition as follows:

FN3: This guidance is specific to acquired structured settlement income streams (legal right to receive future payments from a structured settlement) and does not capture accounting and reporting guidance for the acquisition of any insurance product (e.g., life settlement, annuities, etc.).

a. Period-certain (non-life contingent) structured settlement income streams shall be reported as other long-term invested assets[4], and are admitted assets if the rights to the future payments from a structured settlement have been legally acquired in accordance with all state and federal requirements. If the structured settlement has not met all legal requirements, including the court-approved transfer from the original recipient, then the reporting entity shall recognize the appropriate excise tax obligation and the structured settlement shall be nonadmitted.

b. Life-contingent structured settlement income streams shall be reported as other long-term invested assets on Schedule BA and shall be nonadmitted. (Nonadmittance is required regardless if the right to future payments has been legally transferred.)

FN4: Reporting entities that hold qualifying structured settlement payment rights shall report the security on Schedule BA either as an "any other class of asset" **or as a "fixed or variable interest rate investment with underlying characteristics of other fixed income instruments" if the structured settlement payment right qualifies for reporting within that reporting line (e.g., NAIC designation).**

8. Structured settlement income streams shall be initially reported at cost, including brokerage and other related fees. The cost generally reflects the net present value of the future payment streams with an embedded fixed-rate yield. Structured settlement income streams shall always be acquired at a discount, meaning the amount to be received shall be greater than the acquisition cost. As the structured settlement payments are earned, reporting entities shall reduce the book adjusted carrying value (BACV) to reflect the accrual of the income stream (proportionate payment of original cost on Schedule BA, Part 3) as well as corresponding investment income for the fixed rate spread. (For example, if a reporting entity acquires a structured settlement that equates to three payments, as each payment is received, the BACV would be decreased proportionately, with the pay-down recognized as a disposal.)

a. Impairment – Determination as to the impairment of a structured settlement income stream shall be based on current information and events. When a reporting entity does not expect to receive a structured settlement payment, the structured settlement shall be considered impaired. Once a structured settlement income stream is impaired, the entire amount of the reported structured settlement investment (including subsequent rights to cash flows related to the impaired structured settlement) shall be written off in accordance with SSAP No. 5. If the structured settlement payment is not expected to be received due to the credit quality of the issuer (e.g., the insurer/obligor making structured settlement payments), all structured settlement income streams expected from that obligor shall also be deemed impaired and written off in accordance with SSAP No. 5. (For example, if a reporting entity acquired the rights to receive three structured settlement payments in a single brokerage transaction, when the first payment is not expected to be received, then all three structured settlement payments related to this acquisition shall be written off. If the reason for the impairment is due to the obligor, and the reporting entity had

acquired other structured settlement income streams that are due from that obligor, all structured settlement income streams due from that obligor shall also be written off as impaired.)

b. Investment Income – The discount on acquired structured settlements shall be recognized as an adjustment of yield over the period of time until the cash payments under the structured settlements are received to produce a constant effective yield each year.

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 categorized as a SAP clarification and expose revisions to *SSAP No. 21—Other Admitted Assets* to revise the existing reporting direction for structured settlements and permit reporting as an "interest in a joint venture, partnership or limited liability company with underlying assets having characteristics of bonds with an NAIC Designation Assigned by the SVO" if an NAIC designation was received from the SVO. Structured settlements without an SVO-Assigned designation shall be reported as an "Any Other Class of Asset" on Schedule BA.

Proposed Revisions to SSAP No. 21:

Structured Settlements – Reporting Entity Acquires Legal Right to Receive Payments

7. A reporting entity that acquires (directly or indirectly) structured settlement payment rights[3] through a factoring company, excluding securitizations that qualify as asset-backed securities in scope of *SSAP No. 43—Asset-Backed Securities*, shall report the acquisition as follows:

FN3: This guidance is specific to acquired structured settlement income streams (legal right to receive future payments from a structured settlement) and does not capture accounting and reporting guidance for the acquisition of any insurance product (e.g., life settlement, annuities, etc.).

a. Period-certain (non-life contingent) structured settlement income streams shall be reported as other long-term invested assets[4], and are admitted assets if the rights to the future payments from a structured settlement have been legally acquired in accordance with all state and federal requirements. If the structured settlement has not met all legal requirements, including the court-approved transfer from the original recipient, then the reporting entity shall recognize the appropriate excise tax obligation and the structured settlement shall be nonadmitted.

b. Life-contingent structured settlement income streams shall be reported as other long-term invested assets on Schedule BA and shall be nonadmitted. (Nonadmittance is required regardless if the right to future payments has been legally transferred.)

FN4: Reporting entities that hold qualifying structured settlement payment rights shall report the security on Schedule BA either as an "any other class of asset" or, if an NAIC designation has been received from the SVO, the structured settlement may be reported on Schedule BA as an interest in a joint venture, partnership or limited liability company with underlying assets having characteristics of bonds with an NAIC Designation Assigned by the SVO. ~~as a "fixed or variable~~

~~interest rate investment with underlying characteristics of other fixed income instruments" if the structured settlement payment right qualifies for reporting within that reporting line (e.g., NAIC designation)~~.

Staff Review Completed by: Julie Gann, August 2026.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/D - 26-18 - SSAP No. 21 - Structured Settlements.docx

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

Issue: *ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements*

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (*ASU) 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements*, to improve the guidance in Topic 270, Interim Reporting, by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The amendments add to Topic 270 a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 has an effective date for annual reporting periods after for public entities beginning after December 15, 2027, and after December 15, 2028, for all other entities.

Topic 270 was primarily established from *Accounting Principles Board (APB) Opinion No. 28: Interim Financial Reporting*, of which only paragraphs 19 and 20 were adopted into *SSAP No. 101—Income Taxes*. Both of these paragraphs were later moved from Topic 270 to Topic 740 and were not modified by ASU 2025-11.

One item which requires separate consideration are ASC paragraphs 270-10-50-67 thru 70 which were added or modified by ASU 2025-11. NAIC staff noted that ASC 270-10-50-67 and 68 are consistent with the Interim Financial Statements guidance provided in the SAP Preamble. Based on further research, the reason for this convergence is that the paragraphs pulled into ASU 2025-11 were from SEC Rule 210.10-01.(a).(5), which had already been adopted into the SAP framework during SAP Codification. The majority of the guidance amended by ASU 2025-11 related to Topic 270 guidance which has already been considered and rejected; however, the disclosure principle guidance proposed in ASU 202-11 involves SEC language previously incorporated into SAP and should be adopted by reference as the language already exists within the Preamble.

Existing Authoritative Literature:

Preamble

XI. Financial Statements

B. Interim Financial Statements

64. Interim financial statements, including quarterly statements, shall follow the form and content of presentation prescribed by the domiciliary state for the quarterly financial statements. The NAIC quarterly statement form has been adopted by each state with minor variations as required by certain states.

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> 65. The interim financial information shall include disclosures sufficient to make the information presented not misleading. It may be presumed that the users of the interim financial information have read or have access to the annual statement for the preceding period and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual statement or audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, may be omitted. However disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the insurer. Disclosures shall encompass, for example, significant changes since the end of the period reported on the last annual statement in such items as: statutory accounting principles and practices, estimates inherent in the preparation of financial statements, status of long term contracts, capitalization including significant new borrowings or modifications of existing financial arrangements, and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material noninsurance contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.

SEC § 210.10-01.(a).(5) Interim financial statements. *(2017 version is shown below, the text removed by SEC Release No. 33-10532 in 2018 are shown underlined)*

> (5) The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies, may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by Rule 4-08 of this Regulation, may be omitted. However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the registrant. Disclosures should encompass for example, significant changes since the end of the most recently completed fiscal year in such items as: accounting principles and practices; estimates inherent in the preparation of financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.

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): *Accounting Principles Board (APB) Opinion No. 28: Interim Financial Reporting* was previously considered by the Working Group and rejected, except for paragraphs 19 and 20 which were adopted by reference into *SSAP No. 101—Income Taxes*. Agenda item 2025-18 fully incorporated 28 paragraphs 19 and 20 of APB No. into SSAP No. 101.

The interim financial statement guidance in the preamble incorporates elements of the SEC Rule 210.10-01.(a).(5) guidance which were also noted in APB No. 28 and later versions of GAAP guidance, which are similar to existing guidance in topic 270.

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Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): None

Staff Recommendation:
NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to adopt with modification the Disclosure Principles detailed in *ASU 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements* (specifically, ASC 270-10-50-67 to 70) by reference to the Preamble.

NAIC staff noted that these disclosure principles are substantially similar to existing SAP guidance and revision to the Preamble is not necessary as the FASB is effectively converged with the SAP principles-based guidance on Interim reporting.

Staff Review Completed by: William Oden – June 2026

Proposed Revisions to Preamble:

XI. Financial Statements

B. Interim Financial Statements

65. The interim financial information shall include disclosures sufficient to make the information presented not misleading. It may be presumed that the users of the interim financial information have read or have access to the annual statement for the preceding period and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual statement or audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, may be omitted. However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the insurer. Disclosures shall encompass (but not be limited to), for example, significant changes since the end of the period reported on the last annual statement in such items as: statutory accounting principles and practices, estimates inherent in the preparation of financial statements, status of long term contracts, capitalization including significant new borrowings or modifications of existing financial arrangements, and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material noninsurance contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.[1]

[1] Interim Financial Statements disclosure guidance is consistent with the disclosure principles detailed in ASU 2025-11, Interim Reporting (Topic 270), Narrow-Scope Improvements. ASU 2025-11 is adopted with modification by reference to reflect this consistently. No other provisions of the ASU are adopted by reference or otherwise incorporated into statutory accounting.

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

Issue: Tax Credits Project Accounting and Reporting Improvements

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
This agenda item proposes revisions to *SSAP No. 93—Investments in Tax Credit Structures* and *SSAP No. 94—State and Federal Tax Credits* to clarify certain accounting, disclosure and reporting items. The Tax Credits Project was adopted in 2024, with a January 1, 2025 effective date, through agenda items 2022-14 and 2024-18, and established new guidance regarding tax credit investments, and purchased state and federal tax credits. During a review of 2025 reporting data, discussion with regulators, industry and other interested parties, NAIC staff identified a number of clarifications and improvements and have recommended the following proposed revisions.

1. **SSAP No. 93:**
    a. Clarify that for statutory accounting purposes District of Columbia tax credit programs are considered state-based programs. *(similar clarification is recommended for inclusion in SSAP No. 94)*
    b. Clarify the treatment of agreements for the future acquisition of tax credits (forward contracts), and investment structures in which tax credits are callable rather than allocated in accordance with investment ownership.
    c. Various clarifications suggested by industry (Record allocated tax credit assets at face value, provide examples of other tax benefits, clarify what is an "unused tax credit")
    d. Revise paragraph 14 to eliminate duplicated recognition guidance.
    e. Recommend several revisions to SSAP No. 93 disclosure to simplify or improve reporting.
2. **SSAP No. 94:**
    a. Remove "allocation" language from SSAP No. 94 as the guidance is intended to be used for purchased tax credits and "allocated" tax credits are indicative of an investment arrangement rather than a purchase.
    b. Revise paragraph 9 to eliminate duplicated recognition guidance.
    c. Clarify treatment of tax credits purchased but not available for use.
    d. Eliminate two disclosures and simplify nonadmittance disclosure language. *(these changes are also recommended for the SSAP No. 93 tax credit disclosures)*
3. **Annual Statement**
    a. Propose a prescribed table for the disclosure of aggregate schedule of future tax credits to be received, and book/adjusted carrying value of tax credit investments.
    b. Propose revisions to annual statement instructions to resolve inconsistent reporting instructions for reporting proportional amortization. The Schedule BA instructions currently direct insurers to report proportional amortization as a reduction to investment income, while the net investment instructions direct proportional amortization to be reported as a component of investment expense. Proposed revisions recommend that proportional amortization be reported as a reduction on the Exhibit of NII, Line 8, Other Invested Assets.

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Existing Authoritative Literature:

SSAP No. 93—Investments in Tax Credit Structures

1. This statement establishes statutory accounting principles for qualifying tax credit investments in programs made primarily for the purpose of receiving allowable general business federal tax credits and/or state tax credits, including state premium tax credit programs. Although these investments are often in the form of equity, this statement shall be applied to all investments (regardless of the structure of the investment) that qualify pursuant to paragraph 2.

2. A reporting entity that invests in projects or programs that generate general business federal tax credits, corresponding state tax credits or state premium tax credits that meet the following conditions at the time of initial investment are required to capture the investment in scope of this statement:

a. It is probable that the tax credits allocable to the investor will be available.

b. Reporting entity investor does not have the ability to exercise significant influence over the operating and financial policies of the underlying projects.

c. Substantially all the projected benefits are from tax credits and other tax benefits, determined on a discounted basis using a discount rate that is consistent with the cash flow assumptions utilized by the reporting entity for the purpose of deciding to invest in the project.

d. The reporting entity's projected yield based solely on the cash flows from the tax credits and other tax benefits is positive.

3. Tax credit investments that do not meet the conditions in paragraph 2 shall be captured within the statutory accounting statement that addresses the underlying investment structure. Equity structured tax credit investments would generally fall within S*SAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*. Debt structured tax credit investments should be assessed in accordance with *SSAP No. 26—Bonds* to determine eligibility for reporting as a bond.

4. Investments in a CAPCO (Certified Capital Company), organized as a partnership or an LLC, which is a company, authorized by state statute that borrows from investors, to make venture capital investments in "qualified" businesses, are not within the scope of this statement. Although associated with tax credits, the reporting entity is paid principal and interest on its investment with the CAPCO. Depending upon the terms of the CAPCO offering, principal and interest payments to the reporting entity will come from the CAPCO and/or the state. The CAPCO will make cash payments directly to the investors while the state will make payments in the form of premium or income tax credits. Investments in a CAPCO shall be accounted for in accordance with Interpretation (INT) 06-02: Accounting and Reporting for Investments in a Certified Capital Company (CAPCO) and specific statutory accounting guidance addressing CAPCOs.

SUMMARY CONCLUSION

5. Investments in tax credit structures are generally acquired to obtain a positive yield through tax credits and other tax benefits. The value of the investment is primarily based on the value of the remaining stream of tax credits and deductible expenses available to the reporting entity investor. The primary purpose of investing in these tax credit structures is to generate tax credits which benefit reporting entities, most commonly through a reduction in tax liability, or when permitted by IRS or state tax provisions, through the sale of certificated/transferable tax credits.

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6. Investments in tax credit structures held by reporting entities meet the definition of an asset as specified in SSAP No. 4—Assets and Nonadmitted Assets and are admissible assets to the extent that they comply with the requirements of this statement.

Accounting

7. This guidance addresses the methodology for measuring an investment that is accounted for using the proportional amortization method. At initial recognition, investments in scope of this statement shall be recorded at cost.

8. Subsequent to initial recognition, the investment shall be carried at proportional amortized cost. Under the proportional amortization method, the reporting entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits allocated to the investor. The amortization amount shall be calculated as follows:

a. The initial investment balance less any expected residual value of the investment, multiplied by;

b. The percentage of actual tax credits and other tax benefits allocated to the reporting entity in the current period divided by the total estimated tax credits and other tax benefits expected to be received by the reporting entity over the amortization timeframe (life of the investment).

9. Reporting entities shall recognize tax credits in the period they are allocated to the investor for tax purposes. Unless all tax credits are allocated to the reporting entity at the date of initial investment, immediate recognition of the entire benefit of the tax credits to be received during the term of the investment project that generates tax credits and other tax benefits is not permitted. Tax credits shall not be recognized in the financial statements before the year in which the tax credits are allocated.

10. Any expected residual value of the investment shall be excluded from the proportional amortization calculation. Non tax-related benefits received from the investment shall be included as a component of net investment income when realized or realizable. Gains or losses on the sale of the investment, if any, shall be included as a capital gain or loss at the time of the sale. Determination of gain or loss will depend on the reported value (e.g., residual value at the end of the amortization timeframe) compared to the amount received in exchange for the investment. Liquidation of the investment commonly occurs at the end of the tax credit timeframe through a put or call agreement, often reflecting a nominal residual value that was established at the time of acquisition. The liquidation amount from such agreements shall reflect the expected residual value when available.

11. At the end of the amortization timeframe, if the reporting entity retains the investment, the investment shall be subsequently measured and assessed within the statutory accounting statement applicable to the investment held. Retained investments will remain on Schedule BA until disposal and cannot exceed the initial expected residual value.

12. Exhibit A illustrates the application of accounting guidance in two examples that generate tax credits and tax benefits using the proportional amortization method. The first example illustrates the application of a standard project. The second example illustrates the application of accounting guidance in a project that has expected residual value and generates non-tax related benefits in addition to tax credits and other tax benefits using the proportional amortization method.

Application of Proportional Amortization Method

13. Under the proportional amortized cost method, the amortization of the investment is to be recognized in the income statement as an expense component of the net investment income calculation. Non-tax related benefits received from operations, or sale of the investment should be accounted for in accordance with paragraph 10.

14. Tax credits and other tax benefits, not to include amortization of the investment, shall be reflected as follows:

a. Tax credits shall be recognized in the period that they are allocated/certificated to the reporting entity for tax purposes:

i. If utilized in the same year allocated, federal tax credits shall be recognized and reported as a reduction to federal income tax liabilities and federal income tax expense. If the allocated tax credits are not utilized in the year allocated, they shall be reported as a deferred tax asset (DTA) and change in DTA in accordance with SSAP No. 101—Income Taxes.

ii. If utilized in the same year allocated, state tax credits shall be recognized and reported as a reduction to the related state tax liability and state premium tax or state income tax, whichever is applicable. If the allocated tax credits are not utilized in the year allocated, they shall be reported gross of the related state tax liability in the category of other-than-invested assets (not to be reported net).

iii. Utilization of tax credits in settlement of tax liabilities shall be reflected net of the corresponding income or premium tax liability in the reporting period in which the tax credit is utilized.

iv. Tax credits allocated from tax credit investments, as defined within this SSAP, and held by reporting entities meet the definition of assets as specified in SSAP No. 4 and are admitted assets to the extent that they comply with the requirements of this statement. The admissibility of tax credits is subject to SSAP No. 101.

b. Federal tax benefits other than tax credits (e.g., tax benefits from investment depreciation) shall be recognized in the year allocated pursuant to SSAP No. 101. When utilized, the federal tax benefits are recognized as a component of income tax expense.

c. State tax benefits other than tax credits shall be recognized in the year allocated gross of any related state tax liabilities pursuant to SSAP No. 101. When utilized, the state tax benefits are recognized as a component of taxes, licenses, and fees.

Admittance of Tax Credit Investments

15. Although investments in tax credit programs do not represent investments that can be readily liquidated for policyholder claims, the reduction of tax liability or sale of allocated tax credits represents a benefit that supports admittance of these investments, but only if the tax credits will be received and can be utilized by the reporting entity. Investments in tax credit programs that will not result in any of the anticipated tax credits or that will result in tax credits which cannot be utilized or sold by the reporting entity shall be considered impaired and should refer to paragraphs 27 and 28.

16. Reporting entities shall, at initial investment, obtain a clean fund level tax opinion on the validity of the credits and structure of the underlying program and investment fund. Investments not supported by an initial tax opinion shall be nonadmitted. If the program is a permitted syndicated program with a yield guarantee, the

opinion must verify that the investment and guarantee have been properly structured under IRS or state tax provisions and the guarantee does not disqualify the reporting entity from obtaining the tax credits.

17. Reporting entities shall annually obtain U.S. GAAP or U.S. tax basis audited financial statements on the investment fund. In the event audited U.S. GAAP or U.S. tax basis financial statements are not obtained or the audit receives an opinion other than unqualified, the asset shall be nonadmitted. If the audited financial statements are in-process but not completed as of the annual statement filing deadline, the reporting entity may admit the investment based on the results of the immediately preceding prior year audited financial statements. A lag in reporting shall be consistent from period to period.

a. Other tax credit investments – If the reporting entity has a tax credit investment which by virtue of its structure cannot be audited, the investment is exempt from the annual audit requirement. One example of this type of investments would be tax credit debt investments which do not involve any amount of equity ownership as a component of the investment. This type of tax credit debt investment is exempt from the annual audit requirement, but the reporting entity is still required to obtain a clean tax opinion, in accordance with paragraph 16, to support admittance at initial investment.

Prospective Utilization Assessment

18. The prospective utilization assessment, as detailed below in paragraphs 19-21, must be performed annually by the reporting entity if any of the following circumstances exist in either the current or prior reporting period:

a. Reporting entity records a valuation allowance against a deferred tax asset (DTA) balance.

b. Reporting entity becomes aware of other facts and circumstances which indicate that it will, more likely than not, be unable to substantially utilize the unallocated tax credits. Such instances include, but are not limited to:

i. If the reporting entity holds an investment which allocates state premium tax credits and intends to decrease premium volume in that state, it may affect whether or not the unallocated tax credits in that state can be utilized.

ii. If the reporting entity holds an investment allocating state income tax credits and records a valuation allowance in its U.S. GAAP financial statements against state DTA balances, including the same state as the tax credit investment, it cannot ignore the circumstances that led to the valuation allowance, even though statutory accounting does not permit state DTAs.

19. Prospective Utilization Assessment – If any of the circumstances detailed in paragraph 18 exist, the reporting entity is required to assess the future utilization of the investment's unallocated tax credits against estimated tax liabilities and determine the extent to which it will be able to utilize the investment's unallocated tax credits over the life of the tax credits. If assessment projections identify that the investment's unallocated tax credits will exceed what can be utilized under IRS or state tax provisions, the reporting entity shall nonadmit investments as necessary so that investments in scope of this statement (in aggregate) are only admitted to the extent tax credits are expected to be utilized within current, carryback, and carryforward periods. In making this assessment, the reporting entity is not permitted to assume increased operations (e.g., expanded product sales) beyond those allowed under prudent and feasible tax-planning strategies to conclude that additional federal or state tax liability will exist that would allow additional utilization of tax credits. A reporting entity may subsequently admit a previously nonadmitted tax credit investment, based on subsequent assessments in which the reporting entity determines that they will be able to utilize the unallocated tax credits.

20. Additional Admittance to Prospective Utilization Assessment – If the tax credit investment allocates tax credits with the following features, the reporting entity may perform a secondary assessment to determine if additional amounts of the tax credit investment nonadmitted under paragraph 19 can be admitted:

a. Tax credit investments which allocate tax credits which are certificated or transferable in accordance with permitted IRS or state tax provisions shall admit up to the lesser of the proportional amortized cost or fair value of the unallocated tax credits.

b. Tax credit investments which allocate tax credits eligible for direct payment shall admit up to the lesser of the proportional amortized cost or the estimated proceeds from unallocated tax credits.

21. For tax credit investments which have an amortization timeframe greater than the tax credit allocation timeframe (as demonstrated in Exhibit A), the reporting entity would still, if required, perform the prospective utilization assessment but on the reporting entity's ability to utilize the remaining stream of anticipated tax benefits.

Future Contributions and Additional Tax Credits

22. Many tax credit investments require future contributions by the investor, that may be contingent on a variety of conditions, such as receiving representations, contract performance, meeting occupancy requirements, etc. A liability shall be recognized for delayed contributions which result in additional tax credits that are unconditional and legally binding, and a liability shall also be recognized for contributions which result in additional tax credits that are contingent upon a future event when that contingent event becomes probable pursuant to the loss contingency guidance in SSAP No. 5—Liabilities, Contingencies and Impairments of Assets. Liabilities or loss contingencies recognized for future contributions which result in additional tax credits shall be reported as 'Payable for Securities' until remitted or until the obligation is otherwise eliminated.

23. If a commitment to provide future contributions is not required to be recognized pursuant to paragraph 22, the commitment shall be disclosed in the notes to the financial statements with other commitments.

24. Additional contributions that do not result in additional tax credits for the reporting entity investor shall be immediately expensed as a component of net investment income.

25. If additional contributions result in additional tax credits for the reporting entity, the proportional amortization method for the tax credit investment shall be adjusted, on a prospective basis, to reflect the increased cost with the revised expected tax credits and other tax benefits.

26. In the event a reporting entity obtains additional tax credits without the reporting entity making additional contributions, the reporting entity shall not adjust the book/adjusted carrying value of the tax credit investment. (The proportional amortization method shall not be adjusted to reflect the expected additional tax credits.) Rather, the tax credit shall be recognized when allocated pursuant to paragraph 14.

Impairment of Tax Credit Investments

27. Reporting entities with investments in tax credit programs shall complete and document an impairment analysis at each reporting period. For this analysis, the reporting entity shall compare the current book/adjusted carrying value to the fair value of the investment. (If fair value is not determinable, an entity can compare book/adjusted carrying value to the present value of future tax credits and other tax benefits discounted at a risk-free rate of return.) If book/adjusted carrying value is higher, the difference between book/adjusted carrying value and fair value shall be recognized as an other-than-temporary impairment (INT 06-07) to the tax credit investment.

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This will result in a new cost basis and the amount of the write-down shall be accounted for as a realized loss. The new cost basis shall not be changed for subsequent recoveries in fair value.

28. An other-than-temporary impairment shall also be considered to have occurred if a previously allocated tax credit has been recaptured or if it is probable that future tax credits will not be allocated as expected. If a project no longer qualifies for tax credits, the entire investment, less any residual established at initial recognition, shall be written off as other-than-temporarily impaired. If the reporting entity experiences a tax credit recapture, the reporting entity shall assess whether future tax credits and other benefits will qualify for use by the reporting entity. If future credits will not be generated or will be subject to future recapture, then the reporting entity shall write-off the investment as other-than-temporarily impaired so that the resulting investment value only reflects expected qualifying tax credits and other benefits expected to be allocated. This will result in a new cost basis and the amount of the write-down shall be accounted for as a realized loss. The new cost basis shall not be changed for subsequent recoveries or revision to tax credit expectations.

29. Certain tax credit programs allocate variable amounts of tax credits (for example, clean energy production tax credit programs) which will result in regular differences between actual allocated tax credits and estimated tax credit allocations as calculated upon acquisition of the investment. Variable tax credits allocated in excess of estimates should be accounted for in accordance with paragraph 26. If the allocated variable tax credits are less than estimates by more than 10% or consistently allocate less than the estimated amounts over multiple allocation periods, then the reporting entity must either recognize an other-than-temporary impairment or specifically address within its impairment analysis the reason why consistently diminished tax credit returns do not represent an impairment event. Note that if the company determines it is probable that the total amount of anticipated variable tax credits will not be received, it would still be considered an other-than-temporary impairment in accordance with paragraph 28.

Disclosures

30. A reporting entity shall disclose information that enables users of its financial statements to understand the following information about its investments in projects that generate tax credits and other tax benefits from tax programs captured in scope of this statement:

a. The nature of its investments in projects that generate tax credits and other tax benefits.

b. The effect of the recognition and measurement of its investments in projects that generate tax credits and other tax benefits and the related tax credits on its financial position and results of operations.

31. To meet the objective of paragraph 30, a reporting entity shall disclose the following information about its investments in projects that generate tax credits and other tax benefits from a tax credit program in scope of this statement:

a. The amount of tax credits and other tax benefits recognized during the reporting period(s).

b. The balance of the investments recognized in the statement of financial position for the reporting period(s) presented.

c. The amount of investment amortization and non-income tax related activity recognized as a component of net investment income, and other returns allocated that were recognized outside of income tax expense.

d. An aggregate schedule of tax credits expected to be generated each year for the subsequent five years and thereafter, disaggregated by transferable/certificated and non-transferable.

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e. Any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) including the amount of contributions that are contingent commitments related to tax credit investments and the year(s) that contingent commitments are expected to be paid shall be disclosed.

32. The following disclosures shall be included if applicable to tax credit investments:

a. If the underlying project is currently subject to any regulatory reviews and the status of such review. (Example: Investigations by the housing authority.)

b. Significant modifications or events that resulted in a change in the nature of the investment or a change in the relationship with the underlying project for investments in scope.

33. A reporting entity that recognizes an impairment loss shall disclose the following in the financial statements that include the period of the impairment write-down:

a. A description of the impaired assets and the facts and circumstances leading to the impairment; and

b. The amount of the impairment and how fair value was determined.

34. The following disclosures pertain only to those tax credits allocated from tax credit investments and are unused as of the reporting period(s). For purposes of this disclosure, total unused tax credits represent the entire amount of tax credits available:

a. Carrying value of tax credits, disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total.

b. Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and non-transferable.

c. Method of estimating utilization of remaining tax credits or other projected recovery of the current carrying value.

d. Impairment amount recognized in the reporting period(s), if any.

e. Identify tax credits by transferable/certificated and non-transferable classifications and identify the admitted and nonadmitted portions of each classification.

35. Refer to the Preamble for further discussion regarding disclosure requirements.

SSAP No. 94—State and Federal Tax Credits

1. This statement establishes statutory accounting principles for state and federal tax credits that are purchased by the reporting entity. Tax credits allocated from investments NOT within the scope of SSAP 93—Investments in Tax Credit Structures should refer to this statement for tax credit accounting guidance. Tax credits which have been awarded to the reporting entity are not within the scope of this statement and should refer to SSAP No. 101—Income Taxes.

2. Tax credits allocated from, and investments in, tax credit structures, as discussed in SSAP No. 93, which involve investments in projects or programs that generate general business federal tax credits or state tax credits, are not within the scope of this statement.

3. Investments in a CAPCO (Certified Capital Company), organized as a partnership or an LLC, which is a company, authorized by state statute that borrows from investors, in order to make venture capital investments in "qualified" businesses, are not within the scope of this statement. Although associated with tax credits, the insurance company is paid principal and interest on its investment with the CAPCO. Depending upon the terms of the CAPCO offering, principal and interest payments to the investors will come from the CAPCO and/or the state. The CAPCO will make cash payments directly to the investors while the state will make payments in the form of premium or income tax credits. Investments in a CAPCO shall be accounted for in accordance with Interpretation (INT) 06-02: Accounting and Reporting for Investments in a Certified Capital Company (CAPCO) and specific statutory accounting guidance addressing CAPCOs.

SUMMARY CONCLUSION

4. Both state and federal governments have enacted laws that create programs by which tax credits are granted to entities under certain specified conditions. The terms of these tax credits vary based on the issuing jurisdiction and from program to program.

5. For the purposes of this statement, "tax credits" must be issued by either a federal or state governmental entity and must be refundable or can be applied against income tax or premium tax in accordance with permitted IRS or state tax provisions. Tax credits which may be sold or otherwise transferred to another entity are referred to as "transferable tax credits" whereas all other tax credits are referred to as "non-transferable."

6. When a reporting entity purchases a transferable or certificated tax credit from another entity, the transaction does not result in a continuing investment in a business entity (i.e., limited partnership). Direct payment elections are non-revocable and supersede the transferability of tax credits, as such, once the election has been made the tax credit would be considered a non-transferable tax credit.

Accounting

7. All tax credits within the scope of the statement must be recognized in the period they are allocated to or purchased by the reporting entity for tax purposes and must be recorded at face value upon receipt. Tax credits acquired at a premium or discount to their face value must record the gain/loss as follows:

   a. Tax credits acquired at a discount must defer the gain as a miscellaneous liability upon receipt of the tax credit.

   b. Tax credits acquired at a premium must realize the loss within the income statement upon receipt of the tax credit.

8. Deferred gains on tax credits are deferred until the value of the tax credits utilized exceeds the initial acquisition cost of the tax credits, or until the tax credits are transferred to other entities or the direct payment election is utilized, and the payment(s) or refund exceed the initial acquisition cost.

9. Tax credits shall be recognized in the period that they are purchased or allocated to the reporting entity for tax purposes:

   a. Federal tax credits are to be recognized and reported as a deferred tax asset (DTA) in accordance with SSAP No. 101.

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b. State tax credits are to be recognized and reported gross of any related state tax liabilities in the category of other-than-invested assets (not to be reported net).

10. Utilization of tax credits in settlement tax liabilities shall be reflected net of the corresponding income or premium tax liability in the reporting period in which the tax credit is utilized.

11. Gains and losses on tax credits are reflected in other income when realized.

12. A tax credit asset is considered purchased or allocated once the tax credit is received and available for use. If the reporting entity determines a commitment to purchase tax credits has met the definition of a liability, then the asset would be reported in other-than-invested assets as tax credits receivable.

Admittance

13. Tax credits as defined within this SSAP held by reporting entities meet the definition of assets as specified in SSAP No. 4—Assets and Nonadmitted Assets and are admissible assets to the extent that they comply with the requirements of this statement. The admissibility of tax credits is subject to SSAP No. 101.

Impairment

14. An impairment shall be considered to have occurred if it is probable that the reporting entity will be unable to recover the book/adjusted carrying value of the tax credits. Tax credits should be evaluated for impairment at each reporting date.

15. When there is a decline in the realizability of a tax credit owned by the reporting entity that is other-than-temporary(INT 06-07), the asset shall be written down to the expected realizable amount and the amount of the write down shall be accounted for as a realized loss. The expected realizable value is the new cost basis.

16. The new cost basis shall not be changed for subsequent recoveries in realizability.

Disclosures

17. The following disclosures shall be made in the financial statements for the reporting period(s) presented. For purposes of this disclosure, total unused tax credits represent the entire amount of tax credits available:

a. Carrying value of tax credits, disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total.

b. Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and non-transferable.

c. Method of estimating utilization of remaining tax credits or other projected recovery of the current carrying value.

d. Impairment amount recognized in the reporting period(s), if any.

e. Identify tax credits by transferable/certificated and non-transferable classifications and identify the admitted and nonadmitted portions of each classification.

18. Any commitment or contingent commitment to purchase tax credits shall be disclosed.

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):
Agenda item #2022-14: New Market Tax Credits conceptually revised both SSAP Nos. 93 and 94, significantly expanding the scope and content of each SSAP. Agenda item #2024-18 adopted clarifying revisions to the adopted changes detailed agenda item 2022-14. Collectively, these agenda items are both part of the Tax Credits Project detailed within *Issue Paper 170: Tax Credits Project* which was adopted in 2025.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): NA

Recommendation:
NAIC staff recommend that the Working Group move this item to the active listing of maintenance agenda and expose revisions to SSAP No. 93 and SSAP No. 94 to clarify or improve various accounting, disclosure, and reporting items. NAIC staff also recommend that the Working Group direct the Blanks (E) Working Group to draft illustrative examples of the Tax Credit Investment disclosures (Note 5K).

Proposed Revisions for SSAP No. 93:

1. This statement establishes statutory accounting principles for qualifying tax credit investments~~–~~ in programs made primarily for the purpose of receiving allowable general business federal tax credits and/or state tax credits[x], including state premium tax credit programs. Although these investments are often in the form of equity, this statement shall be applied to all investments (regardless of the structure of the investment) that qualify pursuant to paragraph 2. An agreement for the future purchase of tax credits is a forward contract within the scope of *SSAP No. 86—Derivatives* and does not represent a tax credit investment. Investment structures in which tax credits are obtained through call options, rather than allocated based on ownership interests in the investment, do not represent tax credit investments within the scope of this statement.

Footnote X - For statutory accounting purposes, tax credit programs of the District of Columbia shall be treated as state-based programs, while tax credit programs of U.S. territories shall not.

9. Reporting entities shall recognize tax credits in the period they are allocated to the investor for tax purposes and recorded at face value. Unless all tax credits are allocated to the reporting entity at the date of initial investment, immediate recognition of the entire benefit of the tax credits to be received during the term of the investment project that generates tax credits and other tax benefits is not permitted. Tax credits shall not be recognized in the financial statements before the year in which the tax credits are allocated.

13. Under the proportional amortized cost method, the amortization of the investment is to be recognized in the income statement as a~~n expense~~ component of the exhibit of net investment income ~~calculation~~. Non-tax~~-~~related benefits received from operations, or sale of the investment should be accounted for in accordance with paragraph 10.

14. Tax credits and other tax benefits (e.g., tax benefits generated from operating losses of the underlying project, flow-through depreciation, operating expenses of the tax credit investment fund, etc.), not to include amortization of the investment, shall be reflected as follows:

a. Tax credits shall be recognized in accordance with paragraph 9 and~~the period that they are allocated/certificated to the reporting entity for tax purposes~~:

i. If utilized in the same year allocated, federal tax credits shall be recognized and reported as a reduction to federal income tax liabilities and federal income tax expense. If the allocated tax credits are not utilized in the year allocated, they shall be reported as a deferred tax asset (DTA) and change in DTA in accordance with SSAP No. 101—Income Taxes.

Disclosures

30. A reporting entity shall disclose information that enables users of its financial statements to understand ~~following information about~~ its investments in projects that generate tax credits and other tax benefits from tax programs captured in scope of this statement.~~:~~

~~a. The nature of its investments in projects that generate tax credits and other tax benefits.~~

~~b. The effect of the recognition and measurement of its investments in projects that generate tax credits and other tax benefits and the related tax credits on its financial position and results of operations.~~

~~31. To meet the objective of paragraph 30, a reporting entity shall disclose the following information about its investments in projects that generate tax credits and other tax benefits from a tax credit program in scope of this statement:~~

~~a~~b. ~~The~~ Separately disclose the amounts of tax credits, ~~and~~ other tax benefits, and non-tax-related benefits/returns recognized from tax credit investments during the reporting period(s).

~~b~~c. The ~~balance~~ book/adjusted carrying value of ~~the investments recognized in the statement of financial position~~ tax credit investments ~~for~~ as of the reporting period(s) presented, disaggregated by tax credit program.

~~c. The amount of investment amortization and non-income tax related activity recognized as a component of net investment income, and other returns allocated that were recognized outside of income tax expense.~~

3~~3~~4. The following disclosures pertain only to ~~those~~ tax credits allocated from tax credit investments and ~~are~~ unused as of the reporting period(s). Unused tax credits refer to the amount of tax credits remaining on the statement of assets as of reporting period end~~For purposes of this disclosure, total unused tax credits represent the entire amount of tax credits available~~:

a. Book/adjusted ~~C~~carrying value of tax credits, disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total.

~~b. Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and non-transferable.~~

~~c. Method of estimating utilization of remaining tax credits or other projected recovery of the current carrying value.~~

b~~d~~. Impairment amount recognized in the reporting period(s), if any.

c~~e~~. Disclose total amount of admitted and nonadmitted tax credits.~~Identify tax credits by transferable/certificated and non-transferable classifications and identify the admitted and nonadmitted portions of each classification~~.

Proposed Revisions for SSAP No. 94:

1. This statement establishes statutory accounting principles for state[x] and federal tax credits that are purchased~~-~~ by the reporting entity. ~~Tax credits allocated from investments NOT within the scope of SSAP 93—Investments in Tax Credit Structures should refer to this statement for tax credit accounting guidance.~~ Tax credits which have been awarded to the reporting entity are not within the scope of this statement and should refer to SSAP No. 101—Income Taxes.

Footnote X - For statutory accounting purposes, tax credit programs of the District of Columbia shall be treated as state-based programs, while tax credit programs of U.S. territories shall not.

7. All tax credits within the scope of the statement ~~must~~ shall be recognized in the period they are ~~allocated to or~~ purchased by the reporting entity ~~for tax purposes~~ and ~~must be~~ recorded at face value upon receipt. Tax credits acquired at a premium or discount to their face value must record the gain/loss as follows:

9. Tax credits shall be recognized in accordance with paragraph 7 and~~the period that they are purchased or allocated to the reporting entity for tax purposes~~:

a. Federal tax credits are to be recognized and reported as a deferred tax asset (DTA) in accordance with SSAP No. 101.

b. State tax credits are to be recognized and reported gross of any related state tax liabilities in the category of other-than-invested assets (not to be reported net).

12. A tax credit asset is considered purchased ~~or allocated~~ once the tax credit is received and available for use. Tax credits purchased but not available for use or transfer/certification (e.g., non-transferable tax credits that become available for utilization ratably over multiple years) shall be nonadmitted until they become available for use. If the reporting entity determines a commitment to purchase tax credits has met the definition of a liability, then the asset would be reported in other-than-invested assets as tax credits receivable.

Disclosures

17. The following tax credit disclosures shall be made in the financial statements for the reporting period(s) presented~~. For purposes of this disclosure, total unused tax credits represent the entire amount of tax credits available~~:

a. Book/adjusted ~~C~~carrying value of tax credits, balance of deferred gains of tax credits (if any), disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total.

~~b. Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and non-transferable.~~

b~~c. Method of estimating utilization of remaining tax credits or other projected recovery of the current carrying valud~~. Impairment amount recognized in the reporting period(s), if any.

c~~e~~. Disclose total amount of admitted and nonadmitted tax credits.~~—Identify tax credits by transferable/certificated and non-transferable classifications and identify the admitted and nonadmitted portions of each classification.~~

Proposed Revisions for Annual Statement and Instructions:

5K. Investments in Tax Credit Structures (tax credit investments)

(1) Information that enables users of its financial statements to understand ~~the following information about~~ its investment(s) in projects that generate tax credits and other tax benefits from tax programs.~~:~~

~~a. The nature of its investments in projects that generate tax credits and other tax benefits.~~

~~b. The effect of the recognition and measurement of its investments in projects that generate tax credits and other tax benefits and the related tax credits on its financial position and results of operations.~~

(2) ~~The~~ Separately disclose the amounts of tax credits, ~~and~~ other tax benefits, and non-tax-related benefits/returns recognized from tax credit investments during the reporting period(s).

Note: If tax credits allocated from tax credit investments are unused as of the reporting period(s), the reporting entity shall also complete the disclosures in Note 21, State and Federal Tax Credits. Unused tax credits refers to the amount of tax credits remaining on the statement of assets as of reporting period end.

(3) The balance of ~~the~~ tax credit investments ~~recognized in the statement of financial position for the~~as of the reporting period(s) presented, disaggregated by tax credit program. Reporting entity shall narratively describe and disclose each tax credit program reported in the "Other" category.

Balance of Tax Credit Investments by Tax Credit Program:	Current Period		Prior Period	
	Federal	State	Federal	State
Low-Income / Affordable Housing	.....	.....	.....	.....
New Market / Rural Jobs	.....	.....	.....	.....
Renewable Energy	.....	.....	.....	.....
Opportunity Zone	.....	.....	.....	.....
Historic	.....	.....	.....	.....
Other	.....	.....	.....	.....
c. Total	XXX	XXX	XXX	XXX

~~(4) The amount of investment amortization and non-income tax related activity recognized as a component of net investment income, and other returns allocated that were recognized outside of income tax expense.~~

(~~5~~4) An aggregate schedule of tax credits expected to be generated each year for the subsequent five years and thereafter, disaggregated by transferable/certificated and non-transferable.

Year Ending	**Transferable/**

December 31	Certificated	Non-transferable	Total
20__	.....	.....	.....
20__	.....	.....	.....
20__	.....	.....	.....
20__	.....	.....	.....
20__	.....	.....	.....
Thereafter	.....	.....	.....
Total	.....	.....	.....

Note: ~~Disclosure of t~~Tax credits allocated from tax credit investments and unused as of the reporting period(s) shall~~are to~~ be disclosed within Note 21 (State and Federal Tax Credits). Unused tax credits refer to the amount of tax credits remaining on the statement of assets as of reporting period end.

21E. State and Federal Tax Credits

Note: As directed in Note 5, Tax credits allocated from tax credit investments and unused as of the reporting period(s) are to be included in the disclosures below.

Disclose the following regarding state and federal tax credits within the scope of *SSAP No. 93—Investments in Tax Credit Structures* and *SSAP No. 94—State and Federal Tax Credits* for the reporting period(s) presented. ~~For purposes of this disclosure, total unused tax credits represent the entire tax credits available~~:

(1) Book/adjusted ~~C~~carrying value of tax credits, balance of deferred gains on tax credits (if any), disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total;

Description of Transferable and Non-Transferable Tax Credits	Jurisdiction	Book/Adjusted Carrying Value	~~Unused Amount~~Deferred Gains
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total		.....	.....

~~(2) Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and non-transferable;~~

~~(3) Method of estimating utilization of remaining tax credits or other projected recovery of the current carrying value; and~~

(2~~4~~) Impairment amount recognized ~~by~~ in the reporting period(s), if any.

(3~~5~~) Disclose total amount of admitted and nonadmitted tax credits.~~Identify tax credits by transferable/certificated and non-transferable classifications and identify the admitted and nonadmitted portions of each classification.~~

(~~4~~6) Any commitment or contingent commitment to purchase tax credits.

EXHIBIT OF NET INVESTMENT INCOME

(f) Includes $ _____ accrual of discount, less $ _____ amortization of premium, less $ _____ proportional amortization of tax credit investments.

Instructions to Exhibit of Net Investment Income:

Line 8 – Other Invested Assets

Include: Earned investment income, for any class of investments includable in Schedule BA.

~~Exclude:~~ Under the proportional amortized cost method for ~~the~~ Investments in Tax Credit Structures, the amortization of ~~the~~ tax credit investments shall be reported as a decrease to investment income~~is to be recognized as an expense component of the Exhibit of Net Investment Income~~.

~~Line 11 – Investment Expense~~

~~Include: Under the proportional amortized cost method for the Investment Tax Credit Structures, the amortization of the investment is to be recognized as an expense component of the Exhibit of Net Investment Income.~~

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/F - 26-20 - Tax Credits Project Accounting and Reporting Improvements.docx

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

Issue: Disclosure Review

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
NAIC staff have been requested by regulators to perform a detailed review of the disclosures in the annual statement with the intent of removing those that are deemed to not be adding value to financial reporting, duplicative or just no longer needed. This process will include a comprehensive review of all the reporting blanks and will be a coordinated effort between the NAIC staff from both the Statutory Accounting Principles (E) Working Group and the Blanks (E) Working Group. The goal of this project is to streamline reporting for companies, improve the usefulness of disclosures to regulators, and eliminate unnecessary or duplicative reporting.

This is a concept agenda item, so this initial agenda item does include proposed disclosure changes. With this exposure, NAIC staff are requesting regulators and interested parties to provide comments on disclosures that should be looked at for potential deletion or simplification. NAIC staff will present separate agenda items proposing SSAP disclosure revisions, which correspond to financial statement disclosures for consideration.

Existing Authoritative Literature:
This will include a review of all disclosures that currently exist.

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): None.

Staff Recommendation:
NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose this concept agenda item with a request for comments from regulators and interested parties on any disclosures which can potentially be either simplified or fully removed from the reporting blanks.

Staff Review Completed by: Jake Stultz, October 2026 – NAIC Staff

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/G - 26-21 - Disclosure Review.docx

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

Issue: Investment Restricted Asset Code Column

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: On May 18, 2026, the Working Group adopted agenda item 2025-27: SSAP No. 1 Modco/FWH Code which revised *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23.b. to add categories to the disclosures for assets held under a modified coinsurance (modco) and funds withheld arrangements. These revisions made the SSAP No. 1 categories consistent with Note 5(L)1. At that time, the Working Group deferred recommending that the Blanks (E) Working Group add investment schedule code changes to allow more time to assess whether the restricted asset codes should be retained.

When agenda item 2025-27 was exposed, the Working Group received comments from one state recommending that the column be retained in the investment schedules, but it has been the view of some Working Group members that the revisions to Note 5(L) provided the necessary information needed for assessing restricted assets. Further, Working Group members previously noted concerns that the results of the restricted asset code column could be misinterpreted, as only one code could be utilized regardless of whether the investment was pledged for multiple purposes, and the code would be attributed to the entire investment schedule reported balance, even if only a portion of the security was pledged. NAIC staff worked with the state that initially provided comments supporting the retention of the code, and they are accepting of moving forward with the removal of the column from the investment schedules.

This item does not intend to modify statutory accounting, but since the concept was first discussed at this Working Group in a prior agenda item, NAIC staff believe that it is best to have an agenda item for both the Statutory Accounting Principles (E) Working Group and a corresponding proposal at the Blanks (E) Working Group to make the change in the annual statement blanks.

Existing Authoritative Literature:
This agenda item does not intend to modify statutory accounting. Prior changes in agenda item 2025-27 were made in SSAP No. 1. Adoption of this agenda item will result in the removal of the restricted asset column in the investment schedules in the annual statement blanks.

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): None

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Staff Recommendation:

NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to the investment schedules in the annual statement blanks to remove the restricted asset column from the investment schedules. This does not result in changes to statutory accounting. With exposure, NAIC staff will proceed with sponsoring a blanks proposal to be in effect for year-end 2027.

Staff Review Completed by: Jake Stultz, October 2026 – NAIC Staff

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/H - 26-22 - Investment Restricted Asset Code Column.docx

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

Issue: SSAP No. 97, SCA Entities with Negative Valuations

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: NAIC staff have received questions over the past several years about situations where guidance in *SSAP No. 97—Investments in Subsidiaries, Controlled and Affiliated Entities*, can be reported with a negative equity value. Specifically, the remaining guidance impacts "paragraph 8.b.ii" entities (non-insurance SCAs that conduct "insurance related operations" and meet the 20% revenue test) and some 8.b.iv. entities (foreign insurance companies). For these entities, paragraph 9 of SSAP No. 97 notes that the reported equity valuation can go negative as a result of the required "statutory adjustments" detailed in paragraph 9. As an example, paragraph 9 adjustments include decreasing the value of the SCA investment if it holds nonadmitted assets. This can occur even though the reporting entity may not have an obligation to fund losses in the 8.b.ii entity. The current guidance applies currently to investments in scope of SSAP No. 97, as well as *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* investments with more than a minor ownership interest that follow the 8.b.ii and 8.b.iv provisions of SSAP No. 97.

For example, Reporting Entity A owns an 8.b.ii subsidiary, Company B, and has transferred $200k of nonadmitted EDP equipment to Company B ,which represents Company B's only equity for purposes of this example. Because EDP equipment is nonadmitted and excluded from the statutory valuation of the SCA, Company B could report a negative equity value even if its US GAAP equity remains positive. The intended outcome of this guidance is for nonadmitted assets to have the same surplus impact to the reporting entity whether it is owned directly or indirectly, where putting the nonadmitted asset in a subsidiary should not be more beneficial. If Company B were to incur current year losses of ($100k), current statutory guidance would require Reporting Entity A to report a negative $100K "investment in the SCA" on Schedule D-6-1 to reflect the nonadmission of the asset in the equity of the SCA, .

Previous revisions have eliminated all negative equity value reporting for all SCAs except paragraph 8.b.ii and some 8.b.iv. entities. For all other instances, reporting entities stop reporting losses when the SCA equity amount reaches zero. If there is a guarantee or commitment to fund losses, then that commitment is reported as a liability (and not as a negative equity value).

The simple illustrations below show the impact of transferring nonadmitted EDP equipment to SCA (ABC), and then the reporting if SCA (ABC) had additional losses, resulting in a negative valuation under existing guidance. As shown, once the negative losses occur, the SCA (ABC) is reported as a negative asset, and the reporting entity shows a reduction in surplus, although there is no commitment by the reporting entity to fund these losses. Further, although the reporting entity would have reported a positive SCA amount in AVR and in the Life RBC formula for a separate SCA (XYZ) prior to the transfer, once the SCA (ABC) has a negative value, the net impact in the AVR would be negative, which means there would be no RBC charges for the total SCA position.

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Reporting Entity – Before Transfer	Reporting Entity After EDP Transfer	Reporting Entity - After EDP Transfer With $100K in SCA Losses
Other Assets - $450,000	Other Assets - $450,000	Other Assets - $450,000
EDP Equipment - $0 (nonadmitted)	SCA ABC - $0 (nonadmitted with EDP)	SCA ABC - $(100,000)
SCA XYZ -60,000	SCA XYZ -60,000	SCA XYZ – 60,000
Net SCA Balance $60,000 on BA	*Net SCA Balance $60,000 on BA*	*Net SCA Balance ($40,000) on BA*
Liabilities - $100,000	Liabilities - $100,000	Liabilities - $100,000
Surplus - $410,000	Surplus - $410,000	Surplus - $310,000

The negative adjustment for ABC is intentional, but the impact on XYZ's RBC is unintentional, and is a result of the aggregation of the asset class before it is reported in RBC. Although this is not expected to be a common situation, this result of the negative reporting SCA situation has occurred and has brought to NAIC staff, particularly with the AVR and RBC impact. As such, it is recommended that the guidance be revised to prevent unintended RBC impacts to other entities from negative SCA reporting.

Existing Authoritative Literature:

SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities (bolding added for emphasis):

8.b. If a SCA investment does not meet the requirements for the market valuation approach in paragraph 8.a. or, if the requirements are met but a reporting entity elects not to use that approach, the reporting entity's proportionate share of its investments in SCAs shall be recorded as follows: (***8.B.i, 8.b.iii, and 8.b.iv removed for brevity.***)

ii. Investments in both U.S. and foreign noninsurance SCA entities that are engaged in the following transactions or activities:

(a) Collection of balances as described in *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*
(b) Sale/lease or rental of EDP Equipment and Software as described in *SSAP No. 16—Electronic Data Processing Equipment and Software*
(c) Sale/lease or rental of furniture, fixtures, equipment or leasehold improvements as described in *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*
(d) Loans to employees, agents, brokers, representatives of the reporting entity or SCA as described in *SSAP No. 20—Nonadmitted Assets*
(e) Sale/lease or rental of automobiles, airplanes and other vehicles as described in *SSAP No. 20—Nonadmitted Assets*
(f) Providing insurance services on behalf of the reporting entity including but not limited to accounting, actuarial, auditing, data processing, underwriting, collection of premiums, payment of claims and benefits, policyowner services
(g) Acting as an insurance or administrative agent or an agent for a government instrumentality performing an insurance function (e.g. processing of state workers compensations plans, managing assigned risk plans, Medicaid processing etc).
(h) Purchase or securitization of acquisition costs

and if 20% or more of the SCA's revenue is generated from the reporting entity and its affiliates, then the underlying equity of the respective entity's audited U.S. Generally Accepted Accounting Principles (GAAP) financial statements shall be adjusted to a limited statutory basis of accounting in accordance with

paragraph 9. For purposes of this section, revenue means GAAP revenue reported in the audited U.S. GAAP financial statements excluding realized and unrealized capital gains/losses. Foreign SCA entities are defined as those entities incorporated or otherwise legally formed under the laws of a foreign country. Paragraphs 22-27 provide guidance for investments in holding companies;

iv. Investments in foreign insurance SCA entities shall be recorded based on the underlying U.S. GAAP equity from the audited U.S. GAAP basis financial statements, adjusted to a limited statutory basis of accounting in accordance with paragraph 9, if available. If the audited U.S. GAAP basis financial statements are not available, the investment can be recorded on the audited foreign statutory basis financial statements of the respective entity adjusted to a limited statutory basis of accounting in accordance with paragraph 9 and adjusted for reserves of the foreign insurance SCA with respect to the business it assumes directly and indirectly from a U.S. insurer using the statutory accounting principles promulgated by the NAIC in the Accounting Practices and Procedures Manual. The audited foreign statutory basis financial statements must include an audited footnote that reconciles net income and equity on the foreign statutory basis of accounting to the U.S. GAAP basis. Foreign insurance SCA entities are defined as alien insurers formed according to the legal requirements of a foreign country.

9. The limited statutory basis of accounting for investments in noninsurance SCA entities, subject to paragraph 8.b.ii. and foreign insurance SCA entities, subject to paragraph 8.b.iv., shall be adjusted for the following:

a. Nonadmit assets pursuant to the following statutory accounting principles as promulgated by the NAIC in the Accounting Practices and Procedures Manual;

i. *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*

ii. *SSAP No. 16—Electronic Data Processing Equipment and Software*

iii. *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*

iv. *SSAP No. 20—Nonadmitted Assets*

v. *SSAP No. 21—Other Admitted Assets (e.g., collateral loans secured by assets that do not qualify as investments are nonadmitted under SAP)*

vi. *SSAP No. 29—Prepaid Expenses*

vii. *SSAP No. 105—Working Capital Finance Investments*

b. Expense costs that are capitalized in accordance with GAAP but are expensed pursuant to statutory accounting as promulgated by the NAIC in the Accounting Practices and Procedures Manual (e.g., deferred policy acquisition costs, preoperating, development and research costs, etc.);

c. Adjust depreciation for certain assets in accordance with the following statutory accounting principles:

i. *SSAP No. 16—Electronic Data Processing Equipment and Software*

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ii. *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*

iii. *SSAP No. 68—Business Combinations and Goodwill*

d. Nonadmit the amount of goodwill of the SCA in excess of 10% of the audited U.S. GAAP equity of the SCA's last audited financial statements.

e. Nonadmit amount of the net deferred tax assets (DTAs) of the SCA in excess of 10% of the audited U.S. GAAP equity of the SCA's last audited financial statements.

f. Nonadmit any surplus notes held by the SCA issued by the reporting entity.

g. Adjust the U.S. GAAP annuity account value reserves of a foreign insurance SCA, with respect to the business it wrote directly, using the commissioners' annuity reserve valuation method (CARVM) as defined in paragraphs 14 and 15 of Appendix A-820 (including the reserving provisions in the various Actuarial Guidelines which support CARVM). The valuation interest rate and mortality tables to be used in applying CARVM should be that prescribed by the foreign insurance SCA's country of domicile. If the Foreign SCA's country of domicile does not prescribe the necessary tables and/or rates, no reserve adjustment shall be made.

Note that the outcome of these adjustments can result in a negative equity valuation of the investment for all paragraph 8.b.ii. entities. For a paragraph 8.b.iv. entity, the application of these adjustments will stop at zero, and will not result in negative equity valuation unless the paragraph 8.b.iv. entity provides services to the reporting entity or its affiliates or holds assets on behalf of the reporting entity. If such services, including reinsurance transactions, are occurring, the adjustments required in this paragraph can result in a negative equity valuation. (See additional equity method application guidance in paragraph 13.e. regarding guarantees and financial support.)

13.e. For entities subject to paragraphs 8.b.i., 8.b.ii., 8.b.iii. and 8.b.iv., a reporting entity's share of losses of an investee may equal or exceed the carrying amount of an investment accounted for by an equity method plus advances made by the investor. The reporting entity shall discontinue applying an equity method when the investment (including advances) is reduced to zero(FN) and shall not provide for additional losses, while still continuing to track the amount of unreported equity method losses, until any future equity method income can be reported. If the reporting entity has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee, the provisions *of SSAP No. 5—Liabilities, Contingencies and Impairments of Assets* shall be followed. As the entire equity method loss (subject to the financial guarantee/commitment) shall be recognized under SSAP No. 5, it does not also need to be recognized under SSAP No. 97. If the investee subsequently reports net income, the reporting entity shall resume applying an equity method only after its share of that net income equals the share of net losses not recognized during the period that an equity method was suspended;

(13.e. Footnote) Although the SCA is reported at zero in the investment schedule, a guarantee liability (either contingent or noncontingent) may be required to be reported under SSAP No. 5. Additionally, refer to the guidance related to discontinuance of an equity method in paragraphs 15-17 and *INT 00-24: EITF 98-13: Accounting by an Equity Method Investor for Investee Losses When the Investor Has Loans to and Investments in Other Securities of the Investee* and *EITF 99-10: Percentage Used to Determine the Amount of Equity Method Losses*. As detailed in INT 00-24, a reporting entity's share of losses in an SCA shall be applied to other investments held in the SCA once the SCA (common stock) investment has been reduced to zero.

SSAP No. 97, Exhibit C, Q&A #7:

7. **Q – Is it possible for an SCA investment valued using an equity method to be reported as a negative value?**

7.1 **A –** Yes, the equity method noninsurance SCA could have a negative equity. For example, SSAP No. 97, paragraph 8.b.ii., relating to noninsurance SCA entities may require some assets to be reported as a negative value (nonadmitted) in paragraph 9. In this example, a paragraph 8.b.ii. SCA subsidiary that is only holding furniture, which is nonadmitted, would be reflected with negative equity to the extent the value of the nonadmitted asset(s) exceed(s) reported equity. It should be noted that although SSAP No. 97, paragraph 13.e., discusses some situations in which the equity method should be discontinued, this does not apply to SCA entities, which meet the requirements of paragraph 8.b.ii. In addition, SSAP No. 97, paragraph 13.e., lists some situations where the equity method for paragraph 8.b.ii. and paragraph 8.b.iv. entities would result in a valuation that is less than zero.

SSAP No. 48, paragraph 7

7. Investments in these ventures, except for joint ventures, partnerships and limited liability companies with a minor ownership interest(FN), shall be reported using an equity method as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraphs 8.b.i. through 8.b.iv. (The equity method calculation may result with a negative valuation of the investment; therefore, the SSAP No. 97 equity method calculation shall occur regardless of whether the investment is supported by an audit and the reporting entity will nonadmit the investment.) A reporting entity whose shares of losses in a SSAP No. 48 entity exceeds its investment in the SSAP No. 48 entity shall disclose the information required by SSAP No. 97, paragraph 35.a.

FN - With the identification of whether the reporting entity has a minor ownership interest, reporting entities must also identify whether the investment is a related-party transaction. Pursuant to the concepts reflected in SSAP No. 25—Affiliates and Other Related Parties, consideration shall be given to the substance of the transaction and the parties whose action or performance materially impacts the insurance reporting entity holding the security. For example, if the underlying assets within a SSAP No. 48 entity represent assets issued by an affiliate, then the SSAP No. 48 entity shall be considered a related party (affiliate) investment, with the transaction subject to the accounting and reporting provisions of SSAP No. 25. As identified in SSAP No. 25, it is erroneous to conclude that the inclusion of a non-related intermediary, or the presence of non-related assets in a structure predominantly comprised of related party investments, eliminates the requirement to identify and assess the investment transaction as a related party arrangement.

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): Agenda items 2018-26 – SCA Loss Tracking – Accounting Guidance and 2020-18 – SSAP No. 97 Update were previously adopted. Agenda item 2018-26 resulted in revisions to SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets and SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities stating that equity losses of an SCA would not go negative (thus stopping at zero), however the guaranteed liabilities would be reported to the extent there is a financial guarantee or commitment. Agenda item 2020-18 resulted in revisions with clarifying edits to Exhibit C, question 7, in SSAP No. 97, as well as removed a superseded statement that guarantees or commitments from the insurance reporting entity to the SCA could result in a negative equity valuation of the SCA. It was further clarified in 2021 with agenda item 2021-04.

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group: None

Convergence with International Financial Reporting Standards (IFRS): None

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* and *SSAP No. 97—Investments in Subsidiaries, Controlled and Affiliated Entities*, that clarify that for 8.b.ii and 8.b.iv.entities if the statutory adjustments result in a negative equity value, the

amount reported on Schedule BA for that SCA shall stop at zero, with the amount of the negative equity reclassified as a liability.

Recommended revisions to SSAP No. 97 and SSAP No. 48 with the amount of the negative equity losses reclassified as a liability:

SSAP No. 97, Paragraph 9, hanging paragraph:

Note that the outcome of these adjustments can result in a calculated negative equity valuation of the investment for all paragraph 8.b.ii. entities. For any entities with a negative equity valuation, this balance must be reclassified to a liability balance for reporting purposes. For a paragraph 8.b.iv. entity, the application of these adjustments will stop at zero, and will not result in a calculated negative equity valuation unless the paragraph 8.b.iv. entity provides services to the reporting entity or its affiliates or holds assets on behalf of the reporting entity. If such services, including reinsurance transactions, are occurring, the adjustments required in this paragraph can result in a calculated negative equity valuation. For any entities with a negative equity valuation, this balance must be reclassified to a liability balance for reporting purposes. (See additional equity method application guidance in paragraph 13.e. regarding guarantees and financial support.)

SSAP No. 97, Exhibit C, Q&A #7:

7. **Q – Is it possible for an SCA investment valued using an equity method to be reported as a negative value?**

7.1 **A –** Yes, the equity method noninsurance SCA could have a calculated negative equity valuation. For example, SSAP No. 97, paragraph 8.b.ii., relating to noninsurance SCA entities may require some assets to be reported as a negative value (nonadmitted) in paragraph 9. In this example, a paragraph 8.b.ii. SCA subsidiary that is only holding furniture, which is nonadmitted, could be calculated to have ~~would be reflected with~~ negative equity to the extent the value of the nonadmitted asset(s) exceed(s) reported equity. It should be noted that although SSAP No. 97, paragraph 13.e., discusses some situations in which the equity method should be discontinued, this does not apply to SCA entities, which meet the requirements of paragraph 8.b.ii. In addition, SSAP No. 97, paragraph 13.e., lists some situations where the equity method for paragraph 8.b.ii. and paragraph 8.b.iv. entities would result in a calculated valuation that is less than zero. For any entities with a negative equity valuation, this balance must be reclassified to a liability balance for reporting purposes.

SSAP No. 48, paragraph 7

7. Investments in these ventures, except for joint ventures, partnerships and limited liability companies with a minor ownership interest(FN), shall be reported using an equity method as defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraphs 8.b.i. through 8.b.iv. (~~The equity method calculation may result with a negative valuation of the investment; therefore, t~~The SSAP No. 97 equity method calculation shall occur regardless of whether the investment is supported by an audit and the reporting entity will nonadmit the investment.) A reporting entity whose shares of losses in a SSAP No. 48 entity exceeds its investment in the SSAP No. 48 entity shall disclose the information required by SSAP No. 97, paragraph 35.a**.** For any entities with a negative equity valuation, this balance must be reclassified to a liability balance for reporting purposes.

Staff Review Completed by: Jake Stultz—NAIC Staff, July 2026

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

Issue: Acquisition Date Reporting

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been prepared in response to noted inconsistencies in guidance and application for the reporting of the "acquisition date" for investments on year-end "owned" schedules. The current process and inconsistencies have hindered recent assessments, particularly when trying to isolate the year-end reporting detail to current year acquisitions. It has been identified that in some instances companies override the "date acquired" on the investment schedules whenever additional investment shares or lots are acquired. Although there are limited schedules where the existing instructions support this approach, such instructions are limited to issuer credit obligations and stocks acquired at public offerings. In addition to being inconsistent within the schedule (e.g., between public and non-public offerings), it is perceived that some industry interpretations have applied these instructions across schedules for all investments. In any case, recent efforts by NAIC staff or regulators to identify and assess year-end reporting details for current-year acquired investments produced inaccurate results as many of the investments reported with a current year acquisition date had been held for many years, with just additional investment occurring in the current year.

This agenda item does not propose any statutory accounting revisions, but supports blanks revisions to consistently define how the acquisition date should be reported on the investment schedules:

- On year-end "owned" investment schedules, the date "acquired" shall reflect the date the investment was originally acquired. This date shall not be revised subsequent to initial acquisition, regardless of whether additional investment (shares, lots, etc.) has been acquired.

- On acquisition schedules, the acquisition date shall reflect the date the investment was acquired in the current year. If the investment was acquired on multiple dates in the current year, each acquisition shall be captured on separate reporting lines. If the investment was previously held, the reported current year acquisition date shall not override the date originally acquired on the year-end "owned" schedule.

This agenda item requests regulator comments on whether it would be beneficial to add a new column to the year-end "owned" schedules to detail "most recent acquisition date." If supported, this will be an additional field separate from the date acquired.

This agenda item does not propose to revisions to the derivative schedules. For the derivative schedules, the trade date can be updated to reflect the most recent trade with the specific counterparty, but only if all instruments included in the summarized reporting line are identical.

Existing Authoritative Literature:
The following details the instructions per investment schedule for reporting date acquired. As shown within, only limited schedules for issuer credit obligations and stocks include instruction to update the date acquired on the

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owned schedule, but only for items acquired through public offerings. Derivatives allow updates for the trade date with the same counterparty, but only if the all terms are identical.

Real Estate:

Schedule A, Part 1: Real Estate Owned Dec 31 of Current Year

- Column 5 - Date Acquired: For individual properties, state date property was acquired.

Schedule A, Part 2: Real Estate Acquired and Additions Made During the Year
This schedule should reflect not only those new real estate investments and their encumbrances, but also any additions and permanent improvements to existing properties acquired in the current and prior periods and their encumbrances

- Column 4 - Date Acquired: For individual properties, state date property was acquired.

Mortgage Loans:

Schedule B, Part 1: Mortgage Loans Owned Dec 31 of Current Year

- Column 6 - Date Acquired: State date mortgage was acquired.

Schedule B, Part 2: Mortgage Loans Acquired and Additions Made During Year

- Column 5 - Date Acquired: State date mortgage was acquired.

Schedule B, Part 3: Mortgage Loans Disposed, Transferred or Repaid During the Year

- Column 5 - Date Acquired: State date mortgage was acquired.

Other Invested Assets:

Schedule BA, Part 1: Other Long-Term Invested Assets Owned Dec 31 of Current Year

- Column 8 - Date Originally Acquired: State date the investment was originally acquired.

Schedule BA, Part 2: Other Long-Term Invested Assets Acquired and Additions Made During Year

- Column 6 - Date Originally Acquired: State date the investment was originally acquired.

Schedule BA, Part 3: Other Long-Term Invested Assets, Transferred or Repaid During the Year

- Column 6 - Date Originally Acquired: State date the investment was originally acquired.

Long-Term Bonds & Stocks:

Schedule D, Part 1 – Section 1: Long-Term Bonds – ICO's Owned Dec 31 of Current Year

- Column 18 – Acquired Date: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Schedule D, Part 1 – Section 2: Asset-Backed Securities Owned Dec 31 of Current Year

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- Column 18 – Acquired: There are no instructions for this column.

Schedule D, Part 2: Section 1: Preferred Stocks Owned Dec. 31 of Current Year

- Column 20 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Schedule D, Part 2: Section 2: Common Stocks Owned Dec. 31 of Current Year

- Column 16 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Schedule D, Part 3: Long-Term Bonds and Stocks Acquired During the Year

- Column 3 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

  For SVO-Identified Bond Exchange Traded Funds), enter date of last purchase.

Schedule D, Part 5: Long-Term Bonds and Stocks Acquired During the Year and Fully Disposed of During Current Year

Reporting entities should track information separately for securities purchased in different lots rather than using some type of averaging for the issue in aggregate. Thus, this schedule should only be used when an entire lot of a security has been purchased and sold during the current reporting year (even when different lots of the same security still exist on the reporting entity's books).

- Column 3 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

  For SVO-Identified Bond Exchange Traded Funds), enter date of last purchase.

Short-Term Investments:

Schedule DA, Part 1: Short-Term Investments Owned Dec 31 of Current Year

- Column 3 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of issuer credit obligations or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

Derivatives:

Schedule DB, Part A, Sections 1: Options, Caps, Swap and Forwards Open Dec. 31 of Current Year

- Column 10 – Trade Date: Show the trade date of the original transaction.

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The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Schedule DB, Part B, Sections 1: Options, Future Contracts Open Dec. 31 of Current Year

- Column 10 – Trade Date: Show the trade date of the original transaction.

  The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Schedule DB, Part B, Sections 1: Futures Contracts Terminated During Current Year

- Column 10 – Trade Date: Show the trade date of the original transaction.

  The reporting entity may summarize on one line all identical derivative instruments with the same exchange or counterparty showing the last trade date, but only if the instruments are identical in their terms (e.g., type, maturity, expiration or settlement, and strike price, rate or index).

Cash Equivalents:

Schedule E, Part 2: Cash Equivalents

- Column 4 - Date Acquired: For public placements use trade date, not settlement date. For private placements, use funding date. Each issue of bonds or stocks acquired at public offerings on more than one date may be totaled on one line and the date of last acquisition inserted.

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 categorized as a SAP clarification and sponsor a blanks proposal to consistently define how the acquisition date shall be reported throughout the investment schedules, excluding derivatives on Schedule DB. It is proposed that Schedule DB retain the current guidance. This agenda item requests regulator comments on whether it would be beneficial to add a new column to the "owned" schedules to detail "most recent acquisition date." If supported, this will be an additional field separate from the date acquired. This agenda item does not include SSAP revisions.

- On year-end "owned" investment schedules (excluding Schedule DB: Derivatives), the date "acquired" shall reflect the date the investment was originally acquired. This date shall not be revised subsequent to initial acquisition, regardless of whether additional investment (shares, lots, etc.,) has been acquired.

- On acquisition schedules (and schedules were the acquisition and disposal occurred in the same year) (excluding Schedule DB: Derivatives), the acquisition date shall reflect the date investment was acquired in the current year. If the investment was acquired on multiple dates in the current year, each acquisition shall be captured on separate reporting lines. If the investment was previously held, the reported current year acquisition date shall not override the date originally acquired on the year-end "owned" schedule.

Staff Review Completed by: Julie Gann, September 2026.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/J - 26-24 - Acquisition Date.docx

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

Issue: CLO Definition

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: This agenda item has been prepared to review and revise the existing collateralized loan obligation (CLO) definition captured in the annual statement instructions. The existing definition has the potential to restrict the debt securities captured and include structures with underlying real-estate risk as CLOs. From a review of items reported on the CLOs/CBOs/CDOs reporting line from 2025, the Structured Securities Group (SSG) identified that 11% of the reported BACV was in fund finance, residential and commercial mortgage-backed securities (RMBS & CMBS), home equity line of credits (HELOC's) and commercial real estate (CRE) CLO or other securitization that has real estate risk.

Self-liquidating financial asset-backed securities that do not qualify as RMBS or CMBS (agency or non-agency) or as CLOs/CBOs/CDOs shall be reported as "Other Financial Asset-Backed Securities – Self Liquidating" on Schedule D-1-2: Asset-Backed Securities.

Existing ASI Definition for CLOs/CBOs/CDOs and Other Financial Asset-Backed Securities:

> Non-Agency – CLOs/CBOs/CDOs: Include self-liquidating collateralized loan obligations (CLO), collateralized bond obligations (CBO), and collateralized debt obligations (CDO). In general, this category includes pools of assets whose cash flows are divided into 2 or more tranches. This also includes any other significant leverage inside the deal, for example, in the form of off-market swaps or repo. The underlying collateral in this category consists of corporate or structured credit, cash or synthetic. This category does not include single name underlying collateral. Lastly, the repayment of the securities issued by CLOs/CBOs/CDOs depend primarily on the default and recovery of the underlying collateral and not on their market value.
>
> Other Financial Asset-Backed Securities – Self-Liquidating: Include self-liquidating financial asset-backed securities not issued by a government agency that are not backed by commercial or residential mortgage loans and that are not considered CLOs/CBOs/CDOs.

Existing Authoritative Literature:
There is no definition in the SSAPs for CLOs/CBOs/CDOs. The existing definition is in the Annual Statement Instructions, as shown above, which represents Level 3 of the Statutory Hierarchy.

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

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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 categorized as SAP clarification and sponsor a blanks proposal to revise the definition of what shall be captured in the CLO/CBO/CDO Schedule D-1-2: Asset-Backed Securities reporting line. With exposure, NAIC staff recommend that the Working Group direct NAIC staff to sponsor a blanks proposal to modify the definition in the annual statement instruction. The proposed new definition is shown below.

Non-Agency – CLOs/CBOs/CDOs (Collateralized Loan Obligations / Collateralized Bond Obligations / Collateralized Debt Obligations): Includes all asset-backed securities (ABS) for which repayment is derived from the cash flows of a pool of self-liquidating corporate credit obligations, whether in the form of debt securities or loans, and whether secured directly through a securitization or indirectly through one or more feeder funds. This excludes non-credit corporate obligations such as trade receivables, tax receivables, etc. Broadly Syndicated CLOs are a subset primarily backed by broadly syndicated corporate loans, which are typically rated by credit rating agencies, and distributed to a wide range of institutional investors. Investments that have underlying real estate risk, including items commonly referred to as Commercial Real Estate (CRE) CLOs, shall not be reported in this category.

Delete existing definition:

~~Non-Agency – CLOs/CBOs/CDOs: Include self-liquidating collateralized loan obligations (CLO), collateralized bond obligations (CBO), and collateralized debt obligations (CDO). In general, this category includes pools of assets whose cash flows are divided into 2 or more tranches. This also includes any other significant leverage inside the deal, for example, in the form of off-market swaps or repo. The underlying collateral in this category consists of corporate or structured credit, cash or synthetic. This category does not include single name underlying collateral. Lastly, the repayment of the securities issued by CLOs/CBOs/CDOs depend primarily on the default and recovery of the underlying collateral and not on their market value.~~

Staff Review Completed by: Julie Gann, October 2026

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/K - 26-25 - CLO Definition.docx

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Issue: Commitments and Contingencies Disclosures

Check (applicable entity):

	P/C	Life	Health
Modification of existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue: In September 2025, NAIC staff received an industry inquiry regarding whether private placement commitments should be disclosed in Note 14, Liabilities, Contingencies and Assessments or Note 21, Other Items. Upon review, staff determined that the existing instructions for disclosure of commitments were both unclear and incomplete. While *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets* and Note 14 appeared to be the logical location for disclosure of general commitments, the instructions technically addressed only commitments to SCAs, guarantees, and guaranty fund assessments. NAIC staff also noted that the disclosure requirement in *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* for non-derivative forward commitments (which would cover private placement commitments) was mapped per the disclosure checklist to "Other Disclosures" in Note 21C rather than to Note 14. Because Note 21C functions as a general catchall for miscellaneous disclosures, there were no specific instructions for completing this disclosure beyond the SSAP language.

Separately, staff received a regulator comment highlighting inconsistencies in reporting commitments by investment schedule. While Schedule BA includes a column for "Commitment for Additional Investment," Schedule D does not. This issue was prompted by a regulator who noted that several Schedule D items included delayed draw provisions, yet there was no mechanism to report such commitments by investment. More broadly, NAIC staff also noted that commitments and contingent commitments are currently disclosed across multiple notes and schedules, making it difficult for regulators to obtain a comprehensive view of the reporting entity's potential obligations.

As insurers increasingly enter into complex financial arrangements, the commitments embedded in these transactions are often not recognized as liabilities on financial statements. Nonetheless, the terms of such arrangements can materially restrict an insurer's ability to exit or modify them without incurring significant costs. From a regulatory standpoint, full transparency of these commitments is essential. Although they may not have an immediate balance sheet impact, they can govern the use of future cash flows, constrain liquidity, and shape the insurer's overall risk profile. This agenda item therefore proposes clarifying existing disclosure requirements and introducing a comprehensive framework to capture all such commitments, enabling regulators to form a more complete assessment of an insurer's financial position.

This agenda item is intended to address these issues by:

(1) Moving the SSAP No. 1 disclosure for non-derivative forward commitments to SSAP No. 5, and re-mapping the disclosure to Note 14.

(2) Add a definition of commitments and contingent commitments to SSAP No. 5.

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(3) Clarifying that Note 14A(1) is intended to cover all material commitments and contingent commitments, not only those related to SCAs, guarantees, and guaranty fund assessments.

(4) Adding a new summary disclosure that consolidates commitments and contingent commitments reported in the annual statement.

(5) Removed references to "contingent liabilities" from the Note 14 instructions, excluding the Guarantees disclosure instructions, and clarified that Note 14F should include amounts accrued for loss contingencies and impairments of assets.

(6) Adding a new "Commitment for Additional Investment" column, with instructions, to Schedule D-1-1 and Schedule D-1-2 and revising the instructions for the same column on Schedule BA for consistency.

(7) Added clarifying language to *SSAP No. 21—Other Admitted Assets* to specify the timing for recording non-bond debt securities. It was noted that the existing guidance in SSAP No. 21 does not indicate whether insurers should recognize these securities on the trade date or that private placements should be recorded on the funding date. This omission appears to have been an oversight, and NAIC staff believe that the clarification will simply codify the prevailing accounting practice already in use.

It should also be emphasized that the proposed commitment disclosures apply only to commitments made by the reporting entity to another entity. The disclosure requirements in *SSAP No. 15—Debt and Holding Company Obligations* for unused commitments and lines of credit are not applicable to this agenda item or within the scope of SSAP No. 5, as those represent commitments from other parties to provide funding to the reporting entity.

Existing Authoritative Literature:

Drafting Note: *Each SSAP shown below also includes a reference to where this disclosure is satisfied within the notes to the financial statements.*

Accounting Practices and Procedures Manual and Disclosures Requirement:
SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures: (Note 21C)

24. The financial statements shall disclose forward commitments which are not derivative instruments (e.g., the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date).

SSAP No. 5—Liabilities, Contingencies and Impairments of Assets:

32. If a loss contingency or impairment of an asset is not recorded because only one of the conditions in paragraph 9.a. or 9.b. is met, or if exposure to a loss exists in excess of the amount accrued pursuant to the provisions described above, disclosure of the loss contingency or impairment of the asset shall be made in the financial statements when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. The disclosure shall indicate the nature of the contingency and shall give an estimate of the possible loss or range of loss or state that such an estimate cannot be made. (Disclosures for tax contingencies as identified in paragraph 14 shall be completed as instructed within SSAP No. 101.) *(Note 14F)*

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34. Certain loss contingencies, the common characteristic of each being a guarantee, shall be disclosed in financial statements even though the possibility of loss may be remote. Examples include (a) guarantees of indebtedness of others, and (b) guarantees to repurchase receivables (or, in some cases, to repurchase related properties) that have been sold or otherwise assigned. The disclosure of those loss contingencies, and others that in substance have the same characteristics, shall be applied to statutory financial statements. The disclosure shall include the nature and amount of the guarantee. Consideration shall be given to disclosing, if estimable, the value of any recovery that could be expected to result, such as from the guarantor's right to proceed against an outside party. *(Note 14A(2))*

36. An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements, and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered. *(Note 14A(2)b)*

SSAP No. 22—Leases:

49.b.i. Future minimum rental payments required as of the date of the latest balance sheet presented, in the aggregate and for each of the five succeeding years; and *(Note 15A(2))*

49.c.i. A description of the terms of the sale-leaseback transaction, including future commitments or obligations; and *(Note 15A(3))*

SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items: (Note 21A)

16. The nature, including a general description of the transactions, and financial effects of each unusual or infrequent event or transaction shall be disclosed in the notes to the financial statements. Gains or losses of a similar nature that are not individually material shall be aggregated. This disclosure shall include the line items, which have been affected by the event or transaction considered to be unusual and/or infrequent. If the unusual or infrequent item is as the result of government assistance disclosure shall additionally include the form in which the assistance has been received (for example, cash or other assets), and information regarding significant terms and conditions of the transaction, with items including, to the extent applicable, the duration or period of the agreement, and commitments made by the reporting entity, provisions for recapture, or other contingencies.

SSAP No. 26—Bonds: (Note 21C per SSAP No. 1)

16. A bond acquisition or disposal shall be recorded on the trade date (not the settlement date) except for the acquisition of private placement bonds which shall be recorded on the funding date. At acquisition, bonds shall be reported at their cost, including brokerage and other related fees. The reported cost of a bond received as a property dividend or capital contribution shall be the initial recognized value. SSAP No. 25 shall be used to determine whether a transfer is economic or noneconomic for initial recognition.

SSAP No. 30—Unaffiliated Common Stock: (Note 21C per SSAP No. 1)

7. At acquisition, common stocks shall be reported at their cost, including brokerage and other related fees. Common stock acquisitions and dispositions shall be recorded on the trade date. Private placement stock transactions shall be recorded on the funding date. A reporting entity may become qualified for use of equity method accounting by an increase in the level of ownership. In this situation, the reporting entity shall add the cost of acquiring additional interest in the investee to the current basis of the previously held interest and shall apply the equity method, as prescribed in SSAP No. 97, prospectively, as of the date the investment becomes qualified for equity method accounting.

SSAP No. 32—Preferred Stock: (Note 21C per SSAP No. 1)

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7. At acquisition, preferred stock shall be reported at cost, including brokerage and other related fees. Preferred stock received as dividends shall be recorded at fair value. Acquisitions and dispositions shall be recorded on the trade date. Private placement stock transactions shall be recorded on the funding date.

SSAP No. 36—Troubled Debt Restructuring: (Note 5B(3))

23. A creditor shall disclose in the financial statements the information captured in paragraphs 23.a., 23.b. and 23.c. about troubled debt restructuring as of the date of each balance sheet presented. Disclosures captured from paragraphs 23.d. and 23.e. are required in the statutory audited financial statements only:

b. The amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructuring

SSAP No. 35—Guaranty Fund and Other Assessments: (Note 14B)

18. A reporting entity shall disclose the following:

a. Describe the nature of any assessments that could have a material financial effect, by type of assessment, and state the estimate of the liability, identifying whether the corresponding liability has been recognized under paragraph 4, a liability has not been recognized as the obligating event has not yet occurred, or that an estimate cannot be made.

SSAP No. 39—Reverse Mortgages: (Note 5C(2))

23. The following disclosures shall be made for reverse mortgages in the financial statements:

b. General information regarding the reporting entity's commitment under the agreement;

SSAP No. 43— Asset-Backed Securities: (Note 21C per SSAP No. 1)

6. Items in scope of this statement shall initially be reported at cost, including brokerage and related fees, unless otherwise detailed in paragraph 8. Acquisitions and dispositions shall be recorded on the trade date, not the settlement date, except for the acquisition of private placement asset-backed securities which shall be recorded on the funding date. For securities where all information is not known as of the trade date (e.g., actual payment factors and specific pools), a reporting entity shall make its best estimate based on known facts.

SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies: (14A(1))

22. Any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) to a joint venture, partnership, or limited liability company shall be disclosed.

SSAP No. 92—Postretirement Benefits Other Than Pensions: (12A(14))

66.n. If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

SSAP No. 93—Investments in Tax Credit Structures: (5K)

31. To meet the objective of paragraph 30, a reporting entity shall disclose the following information about its investments in projects that generate tax credits and other tax benefits from a tax credit program in scope of this statement:

SSAP No. 94—State and Federal Tax Credits: (21E)

18. Any commitment or contingent commitment to purchase tax credits shall be disclosed.

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SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities:

35a(i-iv). For all periods presented, a reporting entity whose shares of losses in an SCA exceeds its investment in the SCA shall disclose its share of losses. (This is required regardless of a guarantee or commitment of future financial support to the SCA.) This disclosure shall include the following: (i.) The reporting entity's accumulated share of the SCA losses not recognized during the period that the equity method was suspended; (ii.) The reporting entity's share of the SCA's equity, including negative equity; (iii.) Whether a guaranteed obligation or commitment for financial support exists; and (iv.) The amount of the recognized guarantee under SSAP No. 5. *(10O)*

39. Any commitment or contingent commitment to a SCA entity. *(10L)*

SSAP No. 100—Fair Value: (20E)

54c. The amount of the reporting entity's unfunded commitments related to investments in the class.

SSAP No. 102—Pensions: (12A(14))

68n. If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

SSAP No. 103— Transfers and Servicing of Financial Assets and Extinguishments of Liabilities:

28a iv(c). The forward repurchase commitment recognized to return the cash or securities received. Amount reported shall reflect the stated repurchase price under the repurchase transaction. *(5H(9))*

28a v(c). The forward resale commitment recognized (stated repurchase price) to sell the acquired securities. *(5I(8))*

28g ii(a)(4). Information is encouraged about any liquidity arrangements, guarantees, and/or other commitments provided by third parties related to the transferred financial assets that may affect the transferor's exposure to loss or risk of the related transferor's interest. *(17B(4)b1(d))*

Annual Statement Instructions:

SCHEDULE BA – PART 1

OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR:

Column 19 – Commitment for Additional Investment

Include: Total amount of additional investment commitment, not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership.

GENERAL INSTRUCTIONS FOR SCHEDULE DB:

Each derivative instrument should be reported in Parts A, B or C according to the nature of the instrument, as follows:

Part A: Positions in Options*, Caps, Floors, Collars, Swaps, and Forwards**
Part B: Positions in Futures Contracts
Part C: Positions in Replication (Synthetic Asset) Transaction

* Warrants acquired in conjunction with public or private debt or equity that are more appropriately reported in other schedules do not have to be reported in Schedule DB. Excludes publicly traded stock warrants captured in the scope of SSAP No. 30—Unaffiliated Common Stock or SSAP No. 32—Preferred Stock.

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** Forward commitments that are not derivative instruments (for example, the commitment to purchase a GNMA security two months after the commitment date or a private placement six months after the commitment date) should be disclosed in the Notes to Financial Statements, rather than on Schedule DB.

All derivatives, regardless of maturity date, are to be reported on Schedule DB. Forward commitments where the reporting entity cannot determine at the inception of the contract, with certainty, if delivery will be made at the earliest opportunity are essentially forward contracts and should be reported on Schedule DB.

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):
None.

Staff Recommendation:
NAIC staff recommends that the Working Group move this item to the active listing of the maintenance agenda categorized as a SAP clarification and expose revisions, as detailed below, to the annual statement instructions, *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*, *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 21—Other Admitted Assets*, *SSAP No. 26—Bonds*, and *SSAP No. 43—Asset-Backed Securities*. These revisions would consolidate and clarify the disclosure requirements for commitments and contingent commitments, add a definition for commitments to SSAP No. 5, and add a comprehensive commitments and contingent commitments disclosure to Note 14. In addition, trade date language is proposed for SSAP No. 21 as a cleanup item.

NAIC staff have also received inquiries regarding whether statutory accounting guidance should explicitly address investments that include clawback provisions, which are contractual features that allow the issuer or originator to recover previously distributed or paid amounts under specified conditions. Although such provisions are often associated with equity-related investments, NAIC staff have noted that these features were historically found in certain types of debt securities but have become less common.

To better understand current market practices, NAIC staff request industry feedback on the types of investments that include clawback features and the prevalence of these provisions within insurers' investment portfolios. In addition, input is sought on the typical triggers, valuation and accounting treatment, and potential implications for statutory reporting and risk assessment investments with clawback features.

Staff Review Completed by:
NAIC Staff – William Oden, October 2025

Move disclosure from *SSAP No. 1—Accounting Policies, Risks & Uncertainties*, and Other Disclosures to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*:

~~24. The financial statements shall disclose forward commitments which are not derivative instruments (e.g., the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date).~~

Recommended revisions to SSAP No. 5:

31. A commitment is a legally binding arrangement in which the reporting entity agrees to provide support or resources (most often cash or financial assistance) or to make payments to another party at a future date, but the arrangement does not yet meet the definition of a liability under this statement. If fulfillment of the commitment is not required until the occurrence of a specified event or until requested by another party (e.g., capital calls, delayed draws, etc.), the arrangement is considered a contingent commitment. Commitments may involve cash or cash equivalents, or they may require the transfer of other assets, such as, but not limited to, property, equipment, investments, or intellectual property, or the performance of certain actions, such as, but not limited to, reducing debt or restricting dividend payments. When a commitment involves transferring assets, the disclosed amount shall be the asset's fair value. Commitments made to, or on behalf of, an SCA are discussed further in paragraph 26. Firm commitments, as defined in SSAP No. 86, do not fall within the definition of a commitment under this statement.

Drafting note: SSAP No. 86 contains a definition for Firm Commitments, which is equivalent to U.S. GAAP, but would not be included in the commitments and contingent comments disclosure as this term is specific for derivative contracts and subject to SSAP No. 86.

Disclosures

32~~1~~. Disclose the nature of any loss contingency or impairment of an asset, including amounts accrued (if any), an estimate of the possible loss or range of loss, or state that such an estimate cannot be made. ~~If~~ This disclosure shall include ~~a~~ loss ~~contingency~~ contingencies or impairments of ~~an~~ assets which have been accrued, and those ~~is~~ not recorded because only one of the conditions in paragraph 8.a. or 8.b. is met, or if exposure to a loss exists in excess of the amount accrued pursuant to the provisions described above, disclosure of the loss contingency or impairment of the asset shall be made in the financial statements when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. ~~The disclosure shall indicate the nature of the contingency and shall give an estimate of the possible loss or range of loss or state that such an estimate cannot be made.~~ (Disclosures for tax contingencies as identified in paragraph 13 shall be completed as instructed within SSAP No. 101.)

40. Disclose and describe commitments and contingent commitments in the notes to the financial statements. Additionally, the reporting entity shall also complete a comprehensive summary of commitments and contingent commitments using the prescribed format shown in the annual statement instructions.

41. The financial statements shall disclose forward commitments which are not derivative instruments (e.g., the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date).

Drafting note: Paragraph 41 is existing guidance which has been moved from SSAP No. 1 to SSAP No. 5.

Recommended revisions to SSAP No. 21—Other Admitted Assets

23. Debt securities in scope of this statement shall be initially reported at acquisition at cost on the trade date, including brokerage and other related fees on *Schedule BA: Other Long-Term Invested Assets*. Private placement non-bond debt securities shall be recorded on the funding date.

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27. Securities captured within this section shall be included in all invested asset disclosures, along with the following disclosures:

m. Disclose the total amount of additional investment commitments, if any, for each reported investment. This would include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws[x], scheduled or on-demand drawdowns, unfunded commitments, etc.

Footnote x - A delayed draw is an arrangement in which the investor/reporting entity commits a specified amount of capital upfront but does not disburse the full amount at once. Instead, the committed capital is disbursed, or "drawn down," in stages, either at predetermined intervals or when specified conditions are satisfied. The initial funding provided under the arrangement would represent the reporting entity's initial investment, while the delayed draw reflects an additional investment commitment.

Recommended revisions to SSAP No. 26—Bonds

40. The financial statements shall include the following disclosures:

m. Disclose the total amount of additional investment commitments, if any, for each reported investment. This would include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws[x], scheduled or on-demand drawdowns, unfunded commitments, etc.

Footnote x - A delayed draw is an arrangement in which the investor/reporting entity commits a specified amount of capital upfront but does not disburse the full amount at once. Instead, the committed capital is disbursed, or "drawn down," in stages, either at predetermined intervals or when specified conditions are satisfied. The initial funding provided under the arrangement would represent the reporting entity's initial investment, while the delayed draw reflects an additional investment commitment.

Recommended revisions to SSAP No. 43—Asset-Backed Securities

44. In addition to the disclosures required for invested assets in general, the following disclosures regarding asset-backed securities shall be made in the financial statements. Regardless of the allowances within paragraph 63 of the Preamble, the disclosures in paragraph 44.f., 44.g. and 44.h. of this statement are required in separate, distinct notes to the financial statements:

n. Disclose the total amount of additional investment commitments, if any, for each reported investment. This would include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws[x], scheduled or on-demand drawdowns, unfunded commitments, etc.

Footnote x - A delayed draw is an arrangement in which the investor/reporting entity commits a specified amount of capital upfront but does not disburse the full amount at once. Instead, the committed capital is disbursed, or "drawn down," in stages, either at predetermined intervals or when specified conditions are satisfied. The initial funding provided under the arrangement would represent the reporting entity's initial investment, while the delayed draw reflects an additional investment commitment.

Recommended revisions to Annual Statements and Instructions:
Note 14 - Liabilities, Contingencies, ~~and~~ Assessments, and Commitments:

Instruction:

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For disclosures related to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 35—Guaranty Fund and Other Assessments*, *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* ~~and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*~~, describe the nature of any ~~material~~ commitments, contingent commitments, and contingencies in accordance with SSAP No. 5 ~~and report total contingent liabilities~~.

Drafting Note: Within the instructions above there was a direction to "report total contingent liabilities," however this disclosure is not part of the required SSAP No. 5 disclosures or detailed in the instructions and examples below. It was also brought to NAIC Staff's attention by an interested regulator that the Pick A Page reporting feature for Note 14A(1), insurers can input an amount for total contingent liabilities, however it is not clear how this number is arrived at or what it consists of. NAIC staff looked at the historical record of this disclosure and believe it was intended to require the insurer to disclose the total amount of loss contingencies which have been recognized as a liability. Additionally, NAIC staff noted that the term "contingent liabilities" is not a defined term, and nearly all appearances are within SSAP No. 5 within the guarantees guidance. U.S. GAAP is similar in that the term "contingent liabilities" is not included in the Master Glossary and only appears with any regularity within Topics 460-10 Guarantees and 825-20 Registration Payment Arrangements. As such, NAIC staff have recommended removing the term "contingent liabilities" from the Note 14 instructions, proposed additional language to clarify the disclosure of recorded loss contingencies in Note 14F, and will also recommend that the Pick A Page for total contingent liabilities be deleted.

A. Commitments and Contingent Commitments

(1) Disclose and describe commitments and contingent commitments related to the following:

a. SCA entities~~y~~, joint ventures, partnerships, or limited liability companies~~y~~ (e.g., guarantees or commitments to provide additional capital contributions). Refer to SSAP No. 5 and SSAP No. 48 for accounting guidance.

b. Forward commitments which are not derivative instruments. Refer to *SSAP No. 5* for accounting guidance.

c. Investments in tax credit structures ~~Include any commitment or contingent commitment~~ (e.g., guarantees or commitments to provide additional capital contributions). ~~including~~ If applicable, this disclosure shall also indicate the amount of ~~equity contributions that are~~ commitments and/or contingent commitments specifically related to equity contributions ~~related to investments in tax credit structures~~ and the year(s) ~~that~~in which the ~~contingent commitments~~equity contributions are expected to be paid. Refer to *SSAP No. 93—Investments in Tax Credit Structures* for accounting guidance.

d. ~~Include any commitment or contingent commitment to p~~Purchases of tax credits. Refer to *SSAP No. 94—State and Federal Tax Credits* for accounting guidance.

~~a.~~e. Any commitments and contingent commitments not otherwise disclosed and described in this note, or elsewhere in the notes to the financial statements.

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~~Disclose any commitment or contingent commitment to an SCA entity, joint venture, partnership, or limited liability company (e.g., guarantees or commitments to provide additional capital contributions).~~

~~Include any commitment or contingent commitment (e.g., guarantees or commitments to provide additional capital contributions) including the amount of equity contributions that are contingent commitments related to investments in tax credit structures and the year(s) that contingent commitments are expected to be paid. Refer to *SSAP No. 93—Investments in Tax Credit Structures* for accounting guidance.~~

~~Include any commitment or contingent commitment to purchase tax credits. Refer to *SSAP No. 94—State and Federal Tax Credits* for accounting guidance.~~

(2) A guarantor shall disclose the following information about each guarantee, or each group or similar guarantees (except product warranties), even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. In addition, the nature of the relationship to the beneficiary of the guarantee or undertaking (affiliated or unaffiliated) shall also be disclosed:

a. The nature of the guarantee, including the approximate term of the guarantee, how the guarantee arose, and the events and circumstances that would require the guarantor to perform under the guarantee, the ultimate impact to the financial statements (specific financial statement line item) if action under the guarantee was required (e.g., increase to investment, dividends to stockholders, etc.) and the current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the guarantee. For example, the current status of the payment/performance risk of a credit-risk-related guarantee could be based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk. An entity that uses internal groupings shall disclose how those groupings are determined and used for managing risk.

b. The potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. That maximum potential amount of future payments shall not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the guarantee (which are addressed under 2c below). If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, that fact shall be disclosed. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, the guarantor shall disclose the reasons why it cannot estimate the maximum potential amount.

c. The nature of (1) any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee; and (2) any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee. The guarantor shall indicate, if estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee

d. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee (including the amount, if any, recognized under *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*), regardless of whether the guarantee is freestanding or embedded in another contract.

(3) An aggregate compilation of guarantee obligations shall include the maximum potential of future payments of all guarantees (undiscounted), the current liability (contingent and noncontingent) reported in the financial statements and the ultimate financial statement impact based on maximum potential payments (undiscounted) if performance under those guarantees had been triggered.

(4) Provide a comprehensive summary of commitments and contingent commitments. For categories that reference a schedule or note as the source, the reporting entity shall ensure the disclosed amounts match the referenced source. The reporting entity shall also describe the nature of each type of commitment and contingent commitment reported within the "All other commitments and contingencies" line.

Commitments and Contingent Commitments:	Current Year
Investment Related:	
Issuer credit obligations, Schedule D 1-1, Commitment for Additional Investment Column	
Asset backed securities, Schedule D 1-2, Commitment for Additional Investment Column	
Other Long-term Invested Assets, Schedule BA, Commitment for Additional Investment Column	
Unfunded private placements:	
Unaffiliated common stock	
Preferred stock	
Issuer credit obligations	
Asset backed securities	
Non-bond debt securities	
Troubled debt restructuring (Note 5B)	
Reverse mortgages (Note 5C)	
Forward repurchase (Note 5H)	
Forward resale (Note 5I)	
Tax credit investment structures (Note 5K)	

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	Subtotal
Postretirement benefits (Note 12)	
Future minimum rents, and other lease-related commitments and obligations (Note 15)	
Discontinued operations and unusual or infrequent items (Note 21A)	
Purchase of tax credits (Note 21E)	
Non-derivative forward commitments, excluding unfunded private placement	
SCA, Joint ventures, partnerships and LLCs (14A(3))	
Unrecorded portion of future payments of all guarantees (14A)	
Unrecorded guaranty fund assessments (Note 14B)	
All other commitments and contingent commitments	
	Total

Drafting Note: This table is proposed to be data captured and, as feasible, would include cross checks to help ensure that the disclosed amounts match the referenced sources.

F. All Other Contingencies

Disclose the nature of any loss contingency or impairment of an asset, including amounts accrued (if any), an estimate of the possible loss~~,~~ or range of loss, or state that such an estimate cannot be made. This disclosure shall include loss contingencies or impairments of assets which have been accrued, and those not recorded because only one of the SSAP No. 5 conditions for recognition is met, or if exposure to a loss exists in excess of the amount already accrued when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible in accordance with SSAP No. 5—Liabilities, Contingencies and Impairments of Assets. This meets the requirements of the following SSAPs:

- SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers;
- SSAP No. 21—Other Admitted Assets;
- SSAP No. 47—Uninsured Plans;
- SSAP No. 54—Individual and Group Accident and Health Contracts;
- SSAP No. 56—Separate Accounts;
- SSAP No. 66—Retrospectively Rated Contracts;
- SSAP No. 86—Derivatives;
- ~~and o~~Other SSAPs as required.

Pick A Page
NOTES TO FINANCIAL STATEMENT LIABILITIES, CONTINGENCIES AND ASSESSMENTS – 01914

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Line	Description
~~14A01~~	~~Total contingent liabilities~~
14A0299	Total
14A03A	Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees (should equal total of Column 4 for (2)a above)
14A03B1	Noncontingent liabilities (current liability recognized in F/S)
14A03B2	Contingent liabilities (current liability recognized in F/S)
14A03C1	Investments in SCA (ultimate financial statement impact if action under the guarantee is required)
14A03C2	Joint venture (ultimate financial statement impact if action under the guarantee is required)
14A03C3	Dividends to stockholders (capital contribution) (ultimate financial statement impact if action under the guarantee is required)
14A03C4	Expense (ultimate financial statement impact if action under the guarantee is required)
14A03C5	Other (ultimate financial statement impact if action under the guarantee is required)
14A03C6	Total (should equal (3)a.)
14B02A	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end
14B02D	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end
14B03A	Discount Rate Applied Guaranty Fund Liabilities and LTC Insolvencies Assessments
14D01	Claims related to extra contractual obligations and bad faith losses paid during the reporting period.
14D02	Range of claims: (A) 0-25; (B) 26-50; (C) 51-100; (D) 101-500; (E) more than 500 claims
14D03	Indicate whether claim count information is disclosed: (F) per claim or (G) per claimant

SCHEDULE BA – PART 1
OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR:

Column 19 Commitment for Additional Investment

Include **for all reporting lines**: Total amount of additional investment commitment[1], not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership. The amounts shown here shall include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, unfunded commitments, and standby equity purchase arrangements in which the reporting entity is obligated to purchase offered shares. Contingent commitment arrangements must still be included regardless of whether the funding request or triggering event has occurred.

SCHEDULE D – PART 1 – SECTION 1
LONG-TERM BONDS – ISSUER CREDIT OBLIGATIONS OWNED DECEMBER 31 OF CURRENT YEAR

Column 36 Commitment for Additional Investment

[1] If the amount of additional investment commitment is variable or expressed as a range, the maximum amount should be reported. If no amount is specified or is based on inputs which have not yet occurred, management must report its best estimate of the maximum commitment.

Include for all reporting lines: Total amount of additional investment commitment[2], not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership. The amounts shown here shall include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, and unfunded commitments in which the reporting entity is obligated to purchase offered shares. Contingent commitment arrangements must still be included regardless of whether the funding request or triggering event has occurred.

SCHEDULE D – PART 1 – SECTION 2
ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR

Column 39 Commitment for Additional Investment

Include for all reporting lines: Total amount of additional investment commitment[3], not yet invested, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership. The amounts shown here shall include both commitments and contingent commitments such as, but not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, and unfunded commitments. Contingent commitment arrangements must still be included regardless of whether the funding request or triggering event has occurred. If there are no additional investment commitments, the column may be left blank for this reporting line.

Status:
On December 9, 2025, the Statutory Accounting Principles (E) Working Group exposed revisions, as detailed above, to the annual statement instructions, *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*, *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 21—Other Admitted Assets*, *SSAP No. 26—Bonds*, and *SSAP No. 43—Asset-Backed Securities*. Exposed revisions consolidate and clarify the disclosure requirements for commitments and contingent commitments, including the addition of a definition for commitments, and a new comprehensive commitments and contingent commitments disclosure.

On March 23, 2026, the Statutory Accounting Principles (E) Working Group heard public comments on this agenda item and directed NAIC staff to move forward, working with a small group of interested parties.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/L - 25-24 - Commitments and Contingencies Disclosures.docx

[2] If the amount of additional investment commitment is variable or expressed as a range, the maximum amount should be reported. If no amount is specified or is based on inputs which have not yet occurred, management must report its best estimate of the maximum commitment.

[3] If the amount of additional investment commitment is variable or expressed as a range, the maximum amount should be reported. If no amount is specified or is based on inputs which have not yet occurred, management must report its best estimate of the maximum commitment.

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Commitments and Contingencies Disclosures – Current Draft Revisions
Updated: 10/21/2026

Drafting Note – Tracked changes in grey fill represent newly proposed revisions; deletions from the proposed revisions exposed at the 2025 Fall National Meeting are NOT tracked on this document to avoid confusion.

Delete disclosure from *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*:

~~24. The financial statements shall disclose forward commitments which are not derivative instruments (e.g., the commitment to purchase a GNMA security two months after the commitment date, or a private placement six months after the commitment date).~~

Drafting Note: After further discussions on the matter, it was determined that with the expansion of commitment disclosures and the proposed commitments definition in SSAP No. 5, this paragraph is duplicative of the proposed SSAP No. 5, paragraph 31d.

Recommended revisions to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*:

31. A commitment is a binding[x1] arrangement in which the reporting entity agrees to provide support or resources (most often cash or financial assistance) or to make payments to another party at a future date, but the arrangement does not yet meet the definition of a liability under this statement. Commitments may also have contingent features, meaning fulfillment is not required until the occurrence of a specified event, upon request by another party, or some other type of specified condition. Commitments may involve the transfer of cash, cash equivalents, or other assets, including but not limited to property, equipment, investments, or intellectual property, and/or the performance of certain actions, including but not limited to reducing debt or restricting dividend payments. Commitments made to, or on behalf of, an SCA are discussed further in paragraph 26.

a. The definition of a commitment under this statement does not include firm commitments associated with derivative instruments. Refer to *SSAP No. 86—Derivatives* for further guidance on firm commitments and derivatives.

b. For commitments involving the transfer of assets other than cash and cash equivalents, the disclosed amount shall be the fair value of the asset(s) to be transferred. If fair value is not readily determinable, the amount disclosed shall reflect the book adjusted carrying value (BACV).

c. If the amount of a commitment is variable, expressed as a range, not specified, or based on inputs which have not yet occurred, management shall report the most probable estimated amount.

d. Examples of a commitment include **but are not limited to**, commitments to provide matching funds, intentions to give, guarantees of repayment on debt instruments or credit facilities held by an investee, early termination fees, distributions subject to clawback provisions (also known as recallable distributions), commitments to provide funding/support, capital commitments, capital calls, delayed draws, scheduled or on-demand drawdowns, non-derivative forward commitments, unfunded purchase commitments, etc.

Footnote x1 – For the purposes of this statement, an arrangement is considered binding when there is a reasonable expectation the insurer would incur a financial, legal, regulatory, or reputational consequence for failure to fulfill the commitment. Reputational consequence would include situations in which nonperformance of the commitment(s) may result in damage to the reporting entity's public reputation and/or limit future business and investment opportunities. Examples of such situations would include,

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but are not limited to, if a reporting entity has declared an intention to donate to a charity and subsequently fails to fulfil that pledge, or committing to participate in a private investment offering and later withdrawing.

Drafting note: SSAP No. 86 contains a definition for Firm Commitments, which is equivalent to U.S. GAAP, but would not be included in the commitments disclosure as this term is specific for derivative contracts and subject to SSAP No. 86.

Early termination fees and distributions subject to clawback provisions (also known as recallable distributions) are both considered commitments within the scope of SSAP No. 5, but are not investment commitments as they do not represent a commitment to acquire an investment asset. Early termination fees represent a commitment to pay a fee or penalty upon the early disposition of an investment, while recallable distributions represent a commitment to repay amounts previously distributed if the issuer or originator exercises its contractual right to recover those amounts under the terms of the investment agreement.

Disclosures

321. Disclose the nature of any loss contingency or impairment of an asset, including amounts accrued (if any), an estimate of the possible loss or range of loss, or state that such an estimate cannot be made. ~~If~~ This disclosure shall include ~~a~~ loss ~~contingency~~ contingencies or impairments of ~~an~~ assets which have been accrued, and those ~~is~~ not recorded because only one of the conditions in paragraph 9.a. or 9.b. is met, or if exposure to a loss exists in excess of the amount accrued pursuant to the provisions described above, disclosure of the loss contingency or impairment of the asset shall be made in the financial statements when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. ~~The disclosure shall indicate the nature of the contingency and shall give an estimate of the possible loss or range of loss or state that such an estimate cannot be made.~~ (Disclosures for tax contingencies as identified in paragraph 13 shall be completed as instructed within SSAP No. 101.)

40. ~~Disclose and describe commitments in the notes to the financial statements. Additionally, the~~ Reporting entity shall ~~also~~ complete the comprehensive summary of commitments which shall summarize all commitments of the reporting entity.

a. Early termination fees and recallable distributions shall be reported in the comprehensive summary of commitments as "Other non-investment commitments." In addition to the narrative disclosures required for other commitments per the annual statement instructions, the accompanying narrative disclosures shall also identify the investments subject to early termination fees or recallable distribution commitments.

Recommended revisions to SSAP No. 21—Other Admitted Assets

23. Debt securities in scope of this statement shall be initially reported at acquisition at cost ~~on the trade date~~, including brokerage and other related fees on *Schedule BA: Other Long-Term Invested Assets*. Private placement non-bond debt securities shall be recorded on the funding date. All other securities in the scope of this statement shall be recorded on the trade date.

Drafting note: See below for additional disclosure revision proposed for SSAP No. 21.

Recommended revisions to SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies

22. Any commitments ~~or contingent commitment~~ (e.g., guarantees or commitments to provide additional capital contributions, or insurer guarantees of repayment on debt instruments or credit facilities held by the investee) to a joint venture, partnership, or limited liability company shall be disclosed.

Recommended revisions to SSAP No. 93—Investments in Tax Credit Structures

31.e. Any commitments ~~or contingent commitment~~ (e.g., guarantees or commitments to provide additional capital contributions) involving tax credit investment structures shall be disclosed, including the amount of commitments ~~contributions that are contingent commitments related to tax credit investments~~ and the year(s) that ~~contingent~~ the commitments are expected to be paid ~~shall be disclosed~~.

Recommended revisions to SSAP No. 94—State and Federal Tax Credits

18. Any commitment ~~or contingent commitment~~ to purchase tax credits shall be disclosed.

Recommended revisions to SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities

39. Any commitment ~~or contingent commitment~~ to a SCA entity shall be disclosed (e.g., guarantees or commitments to provide additional capital contributions, or insurer guarantees of repayment on debt instruments or credit facilities held by the SCA).

Disclosure revision recommended for the following SSAPs:

- SSAP No. 21—Other Admitted Assets (paragraph 27m)
- SSAP No. 26—Bonds (paragraph 40m)
- SSAP No. 37—Mortgage Loans (paragraph 25h)
- SSAP No. 43—Asset-Backed Securities (paragraph 44n)

XX. Disclose the total amount of commitments, if any, for each reported investment. This would include commitments such as, but not limited to, capital calls, delayed draws[x2], scheduled or on-demand drawdowns, non-derivative forward commitments, unfunded purchase commitments, etc. This disclosure is satisfied through completion of the Commitments for Investment column on each investment schedule. Refer to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets* for guidance on reporting of commitments arising from early termination fees or distributions subject to clawback provisions (also known as recallable distributions).

> **Footnote x2** - A delayed draw is an arrangement in which the investor/reporting entity commits a specified amount of capital upfront but does not disburse the full amount at once. Instead, the committed capital is disbursed, or "drawn down," in stages, either at predetermined intervals or when specified conditions are satisfied. The initial funding provided under the arrangement would represent the reporting entity's initial investment, while the delayed draw reflects an additional investment commitment.

Recommended revisions to Annual Statements and Instructions:

Note 14 - Liabilities, Commitments, Contingencies, and Assessments:

> Instruction:
>
> For disclosures related to *SSAP No. 5—Liabilities, Contingencies and Impairments of Assets*, *SSAP No. 35—Guaranty Fund and Other Assessments*, *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*, and *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* ~~and *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies*~~, describe the nature of any ~~material~~ commitments and contingencies in accordance with SSAP No. 5 ~~and report total contingent liabilities~~.

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Drafting Note: Within the instructions above there was a direction to "report total contingent liabilities," however this disclosure is not part of the required SSAP No. 5 disclosures or detailed in the instructions and examples below. It was also brought to NAIC Staff's attention by an interested regulator that the electronic reporting feature for Note 14A(1), insurers input an amount for total contingent liabilities, however it is not clear how this number is arrived at or what it consists of. See "Drafting Note on RBC" Impact for further discussion of what amounts would have been historically reported in this disclosure

NAIC staff note that the term "contingent liabilities" is not a defined term in SAP, and nearly all appearances are within SSAP No. 5 guarantees' guidance. U.S. GAAP is similar in that the term "contingent liabilities" is not included in the Master Glossary and only appears with any regularity within Topics 460-10 Guarantees and 825-20 Registration Payment Arrangements. As such, NAIC staff have recommended removing the term "contingent liabilities" from the Note 14 instructions (excluding the Note 14 instructions on Guarantees) and have proposed additional language to clarify the disclosure of recorded loss contingencies in Note 14F.

A. ~~Contingent~~ Commitments

~~Disclose and describe commitments related to the following: SCA entities, joint ventures, partnerships, or limited liability companies (e.g., guarantees or commitments to provide additional capital contributions). Refer to SSAP No. 5 and SSAP No. 48 for accounting guidance.~~

~~Forward commitments which are not derivative instruments. Refer to *SSAP No. 5* for accounting guidance.~~

~~Investments in tax credit structures (e.g., guarantees or commitments to provide additional capital contributions). If applicable, this disclosure shall also indicate the amount of commitments specifically related to equity contributions and the year(s) in which the equity contributions are expected to be paid. Refer to *SSAP No. 93—Investments in Tax Credit Structures* for accounting guidance.~~

~~Purchases of tax credits. Refer to *SSAP No. 94—State and Federal Tax Credits* for accounting guidance.~~

~~Any commitments not otherwise disclosed and described in this note, or elsewhere in the notes to the financial statements.~~

(1) Complete the comprehensive summary of commitments. For any amounts reported in either of the other commitments lines, the reporting entity shall provide a narrative description that includes the amount and nature of the commitment, the parties involved, any significant terms and conditions (e.g., contingent features, anticipated payment/transfer schedule, etc.).

a. In addition to the narrative disclosure elements already required for other commitments, early termination fees or recallable distribution commitments shall also identify the investments subject to these provisions.

Summary of Commitments:	**Current Period**	**Prior Period**
Commitments for Investment:		
Mortgage loans, Schedule B	xx	xx
Other long-term invested assets, Schedule BA	xx	xx
Issuer credit obligations, Schedule D 1-1	xx	xx

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Asset backed securities, Schedule D 1-2	xx	xx
Preferred stock, Schedule D 2-1	xx	xx
Common stock, Schedule D 2-2	xx	xx
Other commitments for investment, not included in the schedules noted above	xx	xx
Investment commitments	Subtotal	Subtotal
Commitments to or on behalf of SCAs, excluding commitments for investment (Note 10O)	xx	xx
Commitments to or on behalf of SSAP No. 48 entities, excluding commitments for investment (Note 10O)	xx	xx
Postretirement benefits (Note 12)	xx	xx
Future minimum rents, and other lease-related commitments (Note 15)	xx	xx
Discontinued operations and unusual or infrequent items (Note 21A)	xx	xx
Purchase of tax credits (Note 21E)	xx	xx
Other non-investment commitments	xx	xx
Non-investment commitments	Subtotal	Subtotal
	Total	Total

Drafting Note: This table is proposed to be data captured and, as feasible, would include cross checks to help ensure that the disclosed amounts match the referenced sources. Additionally, the note references shown above, while potentially useful, likely should be removed to avoid becoming out of date due to unrelated changes to the notes. NAIC staff will also recommend, as part of a sponsored Blanks proposal, that cross checks be implemented to ensure that amounts reported in this table agree to each of the respective sources noted above.

Drafting Note on RBC Impact:

The summary of commitments is also proposed to replace the existing disclosures in Note 14A(1). Discussions with industry indicate that the summary and narrative disclosures in Note 14 would be largely duplicative as, unless provided otherwise in the SSAP, narrative disclosures don't provide significantly more information than would be shown in the proposed comprehensive summary of commitments. The requirement to report Total Contingent Liabilities in Note 14A(1), which is pulled into the RBC calculation as an Off-Balance Sheet Asset Risk, would also be deleted. As a result, commitments reported in the summary of commitments disclosure would replace Total Contingent Liabilities for RBC purposes.

NAIC staff pulled the historic annual instructions for the Total Contingent Liabilities disclosure requirement used for RBC and noted that the contingent liabilities / commitments originally required to be reported in this total were quite expansive. A version of these instructions has existed in the annual since at least 1993, which was the inaugural year for the Life RBC formula, up until 2001 and provided instructions for the contingent liability disclosure which was in turn pulled through to RBC:

2000 Statement Instruction for Contingent Liabilities: (bolding added for emphasis)

Report briefly the nature of any material contingent liabilities, ***including but not limited to, notes receivable discounted, reverse repurchase agreements, accounts and agents' balances assigned, accommodation paper, additional taxes, guarantees of liabilities of other companies (including companies that act as dealers in Over the Counter derivative instruments or as a Futures Commission Merchant (FCM), establishment of compensation balances, long-term contracts, loan take-out agreements and indemnification agreements, deferred expense***

contracts and arrangements between parents, subsidiaries or affiliates. *Include in the disclosure the date incurred or discovered; the nature of the contingent liability, contract, arrangement or commitment; the amount or amounts, if known; the status as of the annual state date; and all other information necessary for a full disclosure.* ***Report the total amount of contingent liabilities.***

NAIC staff recommend that the Working Group sponsor a referral to Capital Adequacy (E) Task Force to assess which commitments should be pulled into the RBC calculation and whether the RBC factor currently in use should be re-assessed. Comments provided by industry during drafting recommend that only investment-related commitments (acquisitions of an asset) should be pulled through to the RBC calculation. An "investment only" approach would be a departure from the scope of the original instructions for Total Contingent Liabilities. NAIC staff defer to the Capital Adequacy (E) Task Force on whether the RBC calculation should be limited to investment commitments, investment commitment plus other specific types of commitments, or all reported commitments. If members of the Working Group or interested regulators do have an opinion on this matter, we would recommend including these thoughts in the referral to the Capital Adequacy (E) Task Force as part of their consideration of the issue.

F. All Other Contingencies

Disclose the nature of any loss contingency or impairment of an asset, including amounts accrued (if any), an estimate of the possible loss~~,~~ or range of loss, or state that such an estimate cannot be made. This disclosure shall include loss contingencies or impairments of assets which have been accrued, and those not recorded because only one of the SSAP No. 5 conditions for recognition is met, or if exposure to a loss exists in excess of the amount already accrued when there is at least a reasonable possibility that a loss or an additional loss may have been incurred. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible in accordance with SSAP No. 5—Liabilities, Contingencies and Impairments of Assets. This meets the requirements of the following SSAPs:

- SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers;
- SSAP No. 21—Other Admitted Assets;
- SSAP No. 47—Uninsured Plans;
- SSAP No. 54—Individual and Group Accident and Health Contracts;
- SSAP No. 56—Separate Accounts;
- SSAP No. 66—Retrospectively Rated Contracts;
- SSAP No. 86—Derivatives;
- ~~and o~~Other SSAPs as required.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Instruction:

The financial statements shall include disclosures of all material related party transactions. In some cases, aggregation of similar transactions that on a stand-alone basis are not material may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary, to the understanding of the relationship, disclose the name of the related party. Transactions shall not be purported to be arm's-length transactions unless there is demonstrable evidence to support such statement. Note 10 is primarily for SCAs under SSAP No.

97, but the disclosures for 10F and 10O should also be completed of SSAP No. 48 entities. The disclosures shall include:

F. Any guarantees, commitments, or undertakings, written or otherwise, shall be disclosed in Note 14, Liabilities, Contingencies and Assessments, in accordance with the requirements of SSAP No. 5—Liabilities, Contingencies and Impairments of Assets. In addition, the nature of the relationship to the beneficiary of the guarantee, commitment, or undertaking (affiliated or unaffiliated) shall also be disclosed. (This disclosure shall be completed for both SSAP No. 48 and SSAP No. 97 entities.)

Drafting Note: NAIC staff noted that fulfillment of the disclosure detailed in SSAP No. 97, paragraph 39 is mapped to Note 10F, however it was not clear per the annual statement instructions that this disclosure is intended to require disclosure of commitments. Additionally, because the proposed comprehensive commitments table would replace the existing Note 14A(1) disclosure, there would no longer be a specific note to map narrative commitment disclosures for SSAP No. 48 entities. As such, NAIC staff recommend that the annual statement instructions for Note 10F be revised to ensure that commitment disclosures related to SSAP No. 48 entities shall be included.

INVESTMENT SCHEDULES GENERAL INSTRUCTIONS
(Applies to all investment schedules)

Commitments for investment specifically refer to a commitment in which the reporting entity has agreed to acquire an investment asset at a future date. Investment commitments may also have contingent features, meaning fulfillment is not required until the occurrence of a specified event, upon request by another party, or some other type of specified condition. Examples of commitments with contingent features include, but are not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, etc. For further guidance, refer to the definition of commitments per *SSAP No. 5—Liabilities, Contingencies and Impairments of* Assets.

The reporting entity shall report all investment commitments on the applicable investment schedule. If the reporting entity already owns the investment, any commitment to make an additional investment shall be reported in the Commitment for Investment column for that investment. For commitments to acquire an investment not yet owned by the reporting entity, the reporting entity shall establish a new reporting line for the prospective investment on the applicable investment schedule and report the related commitment in the Commitment for Investment column. The cost and BACV shall be reported as zero until the investment is acquired.

Regular-way security trades (as defined in the glossary of SSAP No. 103—*Transfers and Servicing of Financial Assets and Extinguishments of Liabilities)* that remain unsettled at period end do not need to be reported as commitments if settlement will occur within the settlement period generally established by regulations or conventions in the applicable marketplace or exchange in which the transaction is being executed. Investments within scope of SSAP Nos. 21, 26, 30, 32, and 43 are generally required to be recorded on the trade date. As such, the regular-way trade exception would generally only apply to private placements within the scope of those statements.

SCHEDULE BA – PART 1
OTHER LONG-TERM INVESTED ASSETS OWNED DECEMBER 31 OF CURRENT YEAR:

Column 19 Commitment for ~~Additional~~ Investment

Include for all reporting lines, where the liability has not already been recorded: Total amount of ~~additional~~ investment commitment, not yet invested~~, where the decision as to timing and whether to invest is not made by the company, but by someone else, typically by the hedge fund or limited partnership~~. The amounts shown here shall include commitments such as, but not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, non-derivative forward commitments, and unfunded purchase commitments. For commitments to acquire an investment not yet owned, the amount of the related investment commitment shall be reported, with the cost and book-adjusted carrying value shown as zero until the investment is acquired. If there are no investment commitments, the column may be left blank for this reporting line.

Revision recommended for the following Schedules:

- SCHEDULE B
  - PART 1: MORTGAGE LOANS OWNED DECEMBER 31 OF CURRENT YEAR
  - PART 2: MORTGAGE LOANS ACQUIRED AND ADDITIONS MADE DURING YEAR
- SCHEDULE D
  - PART 1 – SECTION 1: LONG-TERM BONDS – ISSUER CREDIT OBLIGATIONS OWNED DECEMBER 31 OF CURRENT YEAR
  - PART 1 – SECTION 2: ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR
  - PART 2 – SECTION 1: PREFERRED STOCKS OWNED DECEMBER 31 OF CURRENT YEAR
  - PART 2 – SECTION 2: COMMON STOCKS OWNED DECEMBER 31 OF CURRENT YEAR
  - PART 3: LONG TERM BONDS AND STOCKS ACQUIRED DURING CURRENT YEAR

Column XX – Commitment for Investment

Include for all reporting lines, where the liability has not already been recorded: Total amount of investment commitment, not yet invested. The amounts shown here shall include commitments such as, but not limited to, capital calls, delayed draws, scheduled or on-demand drawdowns, non-derivative forward commitments, and unfunded purchase commitments. For commitments to acquire an investment not yet owned, the amount of the related investment commitment shall be reported, with the cost and book-adjusted carrying value shown as zero until the investment is acquired. If there are no investment commitments, the column may be left blank for this reporting line.

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Attachment N

To: Kevin Clark, Chair of the Statutory Accounting Principles (E) Working Group
Dale Bruggeman, Vice Chair of the Statutory Accounting Principles (E) Working Group

From: Carrie Mears, Chair of the Investment Analysis (E) Working Group
Matt Cheung, Vice Chair of the Investment Analysis (E) Working Group

Re: Reporting of Structured Investments and Underlying Collateral and other Reporting Enhancements

Date: October 20, 2026

In accordance with its charges, the Investment Analysis (E) Working Group has been reviewing the statutory reporting of certain investments reported as asset backed securities, with a particular focus on the collateral supporting these investments and the ability of regulators to identify the underlying economic exposures of said investments. The review has identified areas where current reporting may not provide sufficient clarity regarding an investment's underlying collateral or identification of structure through which an insurer obtains exposure.

We recognize that the year-end 2025 reporting data that we have been reviewing was the first year under the substantially over-hauled reporting structure resulting from the Principles-Based Bond Definition and believe the recommendations in this referral represent modest refinements intended to further realize the benefits of that project.

The issues and recommendations relate specifically to Schedule D, Part 1, Section 2, Asset-Backed Securities and the objective is to enhance regulators' ability to identify and understand the collateral and structures underlying these investments.

In short, the Working Group's objective is to improve the ability of regulators to identify and understand the universe of these investments. This is particularly important as multi-collateral and feeder fund structures are increasing among insurer holdings. Establishing reporting tools to identify these structures would allow regulators to better understand the population, monitor its growth, and evaluate associated risks consistent with the Working Group's proactive approach to emerging investment issues.

Predominant Collateral Threshold

Statutory reporting requires the use of dedicated reporting lines for certain collateral types (RMBS, CMBS, CLOs/CBOs/CDOs). Other types of ABS are reported based upon broader categories (lease-backed) and investment characteristics (self-liquidating or not). For these reporting lines, a collateral code is required to identify the underlying collateral from a fairly comprehensive list of collateral types. While an "Other" option is available, it was anticipated this option would rarely be used given the comprehensiveness of the available choices.

The Working Group did a review of underlying collateral codes to review the types of collateral commonly seen in insurer portfolios and noted that approximately half of the investments in life insurer portfolios with reported collateral codes utilized the "Other" collateral code.

As a step to improve alignment of reporting to the underlying collateral, the Working Group believes the threshold used to determine the predominant collateral should be specifically stated. Under the current reporting instructions, only one code is to be selected, and for securities that fit within more than one category, the "predominant" collateral code is to be selected. A definition of "predominant" is not included in the Annual Statement Instructions. If taken at its definition, predominant would mean the most common collateral type, which could still be only a minority percentage of the total. Others could be interpreting it to mean collateral

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representing more than 50% of the underlying assets. Either interpretation could result in a structure with diverse underlying collateral types being identified as a single collateral type.

The Working Group believes increasing the predominant collateral threshold to 90%, or a similarly high threshold, would provide a more representative basis for assigning a single collateral classification to distinguish between those with truly homogenous collateral versus heterogenous. Under such an approach, an investment would need to have at least 90% of its underlying collateral represented by a singular collateral type to be reported within the corresponding collateral category. Investments that do not meet the 90% threshold would instead be identified as multi-collateral structures (additional detail follows in this referral).

Accordingly, the Investment Analysis (E) Working Group requests that the Statutory Accounting Principles (E) Working Group consider specifying that the threshold for designating investments (for both reporting lines and collateral codes) based on underlying collateral shall represent 90% of the underlying collateral assets.

Multi-Collateral Structures

The Working Group has observed an emerging population of investments supported by multiple types of collateral. These structures may include a combination of financial and nonfinancial assets, or self-liquidating and non-self-liquidating, such as investments backed by a combination of loans, bonds and equity collateral. As these structures become more prevalent, the Working Group believes it is important to establish a means of identifying the population through statutory reporting.

The existing Annual Statement reporting structure provides numerous specific reporting lines for asset-backed securities based on the nature of the underlying collateral and other characteristics of the investment. However, the current reporting structure does not have a designated reporting category for when multiple types of underlying assets support the investment. As a result, a multi-collateral structure may be reported within a line item that identifies only one component of the underlying collateral, or within another available reporting category. This makes it difficult for regulators to readily identify and monitor the population through statutory reporting.

The Working Group believes that establishing a dedicated reporting category for multi-collateral structures would provide regulators with a clear means of identifying these investments, understanding the size and characteristics of the population, and monitoring its development over time.

Accordingly, the Investment Analysis (E) Working Group requests that the Statutory Accounting Principles (E) Working Group consider whether a dedicated Annual Statement reporting category or categories should be established for multi-collateral financial asset-backed securities, including investments supported by collateral that can otherwise fit into multiple line items.

Additional Considerations Regarding Complex Structures

In addition, the Working Group believes other related issues warrant consideration as the reporting framework is evaluated.

First, consideration should be given to whether the existing collateral codes adequately identify corporate credit-backed investments. While private credit or corporate loans could potentially be considered within the existing corporate and industrial obligations collateral category, that category does not specifically identify corporate credit obligations. Conversely, there may be an assumption that corporate credit-backed structures are CLO variants and should therefore be reported within the CLO/CBO/CDO category. There is not currently a clearly specified reporting location for non-CLO/CBO/CDO structures primarily supported by corporate credit, which may result in common investment types like private credit rated feeder notes, being inconsistently reported.

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Particularly if reporting continues to be focused upon collateral type rather than the structure, the Working Group believes consideration should be given to establishing a separate structure code that identifies the manner in which an insurer obtains exposure to the underlying collateral, such as through a securitization, feeder fund, or other indirect structure. While the principles-based bond definition required reporting based on the underlying substance of an investment, a structure code would provide information distinct from the collateral type, allowing regulators to understand both the legal nature of the structure as well as what ultimately supports the investment.

Then to ensure alignment with all of these reporting features, guidance may be needed on the degree to which an insurer should look through legal structures for classification purposes; for example, how to distinguish whether to look through a feeder fund structure versus classifying a structure as "equity-backed".

Conclusion

These considerations are intended to improve the accuracy, consistency, and transparency of statutory reporting for increasingly complex investment structures; provide regulators with a clearer understanding of the underlying collateral supporting insurer investments; and, establish a more reliable foundation for evaluating associated accounting, valuation, and risk management as these investment structures continue to develop.

The Investment Analysis (E) Working Group support staff are available to assist with the Statutory Accounting Principles (E) Working Group's evaluation of this matter. Please contact NAIC staff, Jim Pinegar (jpinegar@naic.org), if you have any questions.

Cc: Jim Pinegar, Dimitris Karapiperis, Topher Hughes, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/11-15-26 Fall National Meeting/Meeting/N - INVAWG to SAPWG (Structured Investments & Multi-Collateral) Final.docx

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2026 Fall National Meeting - Review of U.S. GAAP Exposures for Statutory Accounting:

Pursuant to a 2014 direction from the SAPWG chair, there is a desire for the Statutory Accounting Principles (E) Working Group to be more proactive in considering FASB exposures that may be significant to statutory accounting and reporting. Historically, the SAPWG has commented on limited, key FASB exposures – mostly pertaining to insurance contracts and financial instruments. To ensure consideration of all FASB exposures, staff prepared this memorandum to highlight the current exposures, comment deadlines, and to provide a high-level summary of the exposed item's potential impact to statutory accounting. It is anticipated that this information would assist the Working Group in determining whether a comment letter should be submitted to the FASB on the issues. Regardless of the Working Group's election to submit comments to the FASB on proposed accounting standards, under the NAIC Policy Statement on Statutory Accounting Principles Maintenance Agenda Process, issued US GAAP guidance noted in the hierarchy within Section V of the Preamble to the *Accounting Practices and Procedures Manual* must be considered by the Statutory Accounting Principles (E) Working Group.

FASB Exposures: Exposure Documents and Public Comment Documents (fasb.org)

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Investments—Equity Method and Joint Ventures (Topic 323): Equity Method of Accounting—Targeted Improvements	January 11, 2027

The Board is issuing this proposed Update to improve the operability of the accounting for equity method investments in Topic 323, Investments—Equity Method and Joint Ventures.

In response to the 2025 FASB Invitation to Comment, Agenda Consultation, stakeholders identified key challenges in the accounting for equity method investments, including (1) the different criteria for applying the equity method of accounting to investments in corporations (and similar entities) and investments in partnerships (and similar entities), (2) the lack of authoritative guidance on allocating earnings in complex allocation structures for investments in non-real-estate entities, and (3) the cost and complexity of applying the equity method of accounting.

To address that feedback, the Board decided to make the following targeted improvements to the equity method:

1. Issue A: Scope of Topic 323. Require a single threshold (significant influence) for applying the equity method of accounting, regardless of the legal form of the entity, and make certain changes to the indicators of significant influence in Subtopic 323-10, Investments—Equity Method and Joint Ventures—Overall.

2. Issue B: Complex Allocation Structures. Clarify how the equity method is applied by investors that have equity method investments with complex allocation structures.

The amendments in this proposed Update would affect all entities with investments that are currently accounted for under the equity method and investments that must be evaluated to determine whether the equity method of accounting applies.

The amendements in this proposed Update also would address entities that have the following:

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1. Investments in unincorporated legal entities in the construction industry or an extractive industry accounted for by proportionately consolidating the assets, liabilities, revenues, and expenses of the investee (referred to as "proportionate consolidation").

2. Investments accounted for under the proportional amortization method in Subtopic 740-323, Income Taxes—Investments—Equity Method and Joint Ventures.

3. Noncontrolling interests in a subsidiary with a complex allocation structure.

4. Investments in the real estate industry that are evaluated for consolidation.

Issue A: Scope of Topic 323

The requirements to apply the equity method of accounting differ on the basis of the legal form of the investee. Investments in the common stock or in-substance common stock of corporations, corporate joint ventures, and limited liability companies that do not maintain specific ownership accounts for each investor (collectively, "investments in corporations") are accounted for under the equity method when an entity (the investor) has significant influence, which is presumed to exist when an entity holds 20 percent or more of the voting stock of the investee. In contrast, investments in partnerships, unincorporated joint ventures, and limited liability companies that maintain specific ownership accounts for each investor (collectively, "investments in partnerships") are accounted for under the equity method when an entity has a more than minor investment (referred to as the "more-than-minor threshold"), commonly viewed in practice as more than 3 to 5 percent. Stakeholders said that these different thresholds can lead to inconsistent outcomes that are confusing, unintuitive, and difficult to explain. In addition, much of the guidance that relates to these investments is included in industry-specific guidance for real estate investments.

The amendments in this proposed Update would require a single threshold (significant influence) for applying the equity method of accounting, regardless of the legal form of the investee, which would improve consistency and comparability in financial reporting.

The amendments in this proposed Update also would improve the operability of the significant influence guidance in Subtopic 323-10 by:

1. Removing the presumption that an entity does not have significant influence when it holds less than 20 percent of an investee.

2. Expanding the board of directors indicator to include functionally equivalent governing bodies in partnership structures.

3. Specifying that a noncontrolling general partner or functional equivalent (such as a managing member in a limited liability company) has significant influence.

The amendments in this proposed Update also would ensure that the population of investments that are currently eligible for proportionate consolidation or the proportional amortization method would remain eligible for those methods of accounting.

Issue B: Complex Allocation Structures

Subtopic 323-10 does not address how to allocate an entity's share of the earnings of an investee (referred to as "equity in earnings") in complex allocation structures (for example, in an investee that distributes earnings or cash using a distribution waterfall). Subtopic 970-323, Real Estate—General—Investments—Equity Method and Joint Ventures, indicates that investors in these types of structures must carefully consider substance over form;

however, that guidance applies to investments in real estate ventures only. The amendments in this proposed Update would improve the navigability of the Codification by moving the guidance in Subtopic 970-323 on complex allocation structures, along with other guidance in that Subtopic that is not industry or transaction specific, to Subtopic 323-10 (and other applicable Subtopics). The amendments in this proposed Update also would improve the operability of the accounting for investments in complex allocation structures by adding illustrative examples to Topic 323 that show one possible method that could be used to allocate equity in earnings in those structures.

Additionally, the amendments in this proposed Update would:

1. Require that entities consider the guidance in Topic 323 on complex allocation structures when allocating income to noncontrolling interests under Topic 810, Consolidation.

2. Remove the guidance in paragraphs 970-810-25-1 through 25-3 on consolidation of real estate ventures and instead require that entities evaluate investments in the real estate industry for consolidation under Topic 810.

Staff Review and Commentary:
Comment deadline is January 11, 2027. NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Revenue from Contracts with Customers (Topic 606): Consideration Payable to a Customer	November 23, 2026

The Board is issuing this proposed Update to clarify when payments made on behalf of a customer, or to a customer of an entity's customer, should be accounted for as consideration payable to a customer under Topic 606, Revenue from Contracts with Customers. For example, payments to a customer of an entity's customer may arise when a platform provides credits, rebates, or discounts directly to end users to encourage purchases from sellers that are the platform's customers, and payments made on behalf of a customer may arise when a retailer pays a third-party bank to enable its customer to obtain interest-free financing for a qualifying purchase.

Stakeholders have indicated that there are differing interpretations of when payments made to parties outside the direct distribution chain, such as payments made to parties that do not purchase the entity's goods or services either directly from the entity or indirectly through the entity's customer, are consideration payable to a customer. Accordingly, stakeholders noted that economically similar payments may be accounted for differently (either as a reduction of revenue or as an expense), resulting in diversity in practice. The amendments in this proposed Update would apply to all entities that make payments on behalf of a customer, or to a customer of an entity's customer, in connection with a revenue contract accounted for under Topic 606.

Topic 606 requires that payments to an entity's customers, or to other parties that purchase the entity's goods or services from the customer, be accounted for as consideration payable to a customer. Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment is in exchange for a distinct good or service that the customer transfers to the entity. However, Topic 606 does not explicitly address when payments made on behalf of a customer, or to a customer of an entity's customer that is outside the direct distribution chain, should be consideration payable to a customer under Topic 606.

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The amendments in this proposed Update would specify that payments made on behalf of a customer, or to a customer of an entity's customer, should be accounted for as consideration payable to a customer when made in connection with the entity satisfying its promise to the customer if (1) the entity has explicitly promised to make the payment or (2) the customer has a reasonable expectation that the entity will make the payment because the entity has implicitly promised to do so or the payment represents an in-substance price concession. The proposed amendments would not otherwise affect the existing guidance on consideration payable to a customer, including determining whether consideration payable to a customer is in exchange for a distinct good or service.

The amendments in this proposed Update would (1) improve the decision usefulness of financial reporting information by promoting more consistent accounting for economically similar payments, (2) reduce diversity in practice by clarifying when payments should be accounted for as consideration payable to a customer under Topic 606, and (3) reduce the cost and complexity of applying current GAAP by providing a clearer framework for evaluating those payments.

An entity would be permitted to apply the amendments in this proposed Update using either a modified prospective approach or a modified retrospective approach.

Under the modified prospective approach, an entity would apply the amendments in this proposed Update to payments made or promised after the adoption date. For payments made or promised before the adoption date, an entity would continue applying current GAAP. No cumulative-effect adjustment would be recorded to the opening balance of retained earnings (or other appropriate components of equity or net assets in the balance sheet) for any period presented, and the comparative periods presented would not be adjusted.

Under the modified retrospective approach, an entity would apply the amendments in this proposed Update to payments made or promised after the beginning of the earliest period presented in the financial statements that include the adoption of the proposed amendments. The financial statements for each period presented would be adjusted to reflect the period-specific effects of applying the new guidance. No cumulative-effect adjustment would be recorded to the opening balance of retained earnings (or other appropriate components of equity or net assets in the balance sheet) for the earliest period presented.

Early adoption would be permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in this proposed Update in an interim reporting period, it must adopt them as of the beginning of the annual reporting period that includes that interim reporting period.

The effective date will be determined after the Board considers stakeholder feedback on the amendments in this proposed Update.

Staff Review and Commentary:
Comment deadline is November 23, 2026. NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Codification Improvements	November 19, 2026

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The Financial Accounting Standards Board (Board) has a standing project to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to generally accepted accounting principles (GAAP). This evergreen project facilitates Codification updates for a broad range of Topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. The resulting amendments are collectively referred to as Codification improvements. The Board decided that the types of issues that it will consider through this project are improvements that are not expected to have a significant effect on current accounting practice or result in significant costs to most entities. The amendments in the proposed Update would affect a wide variety of Topics in the Codification and would apply to all entities within the scope of the affected accounting guidance.

The amendments in the proposed Update address 21 disparate issues. Overall, the proposed amendments would (1) clarify existing guidance, (2) correct errors, or (3) make minor improvements. Collectively, these changes would make the Codification easier to understand and apply. The Board would specifically like to highlight Issues 6, 11, 12, and 18 through 20 to ensure that stakeholders provide feedback on those issues.

Issue 1—Clarify Requirements for Comparative Financial Statements
Update paragraph 205-10-45-3 to clarify that any exceptions to the comparability of amounts presented for prior-year periods and those presented for the most recent period should be disclosed in accordance with Topic 250, Accounting Changes and Error Corrections.

Issue 2—Remove Reference to a Superseded Paragraph
Update paragraph 220-10-50-6 to remove the reference to superseded paragraph 220-10-45-17B.

Issue 3—Clarify NFP Requirements for Condensed Statements
Update paragraph 270-10-45-25 to clarify that if a not-for-profit entity (NFP) presents condensed statements, the requirement to provide a separate statement of changes in investments by and distributions to owners (or disclosures explaining such changes) is not applicable.

Issue 4—Correct Circular Reference in Receivables Illustrative Example
Update paragraph 310-20-55-48 to reference the guidance on the recognition of loan origination fees and costs in paragraph 310-20-35-3.

Issue 5—Not used.

Issue 6—Clarify the Scope of the Practical Expedient and Accounting Policy Election When Developing an Estimate of Expected Credit Losses
The amendments in Accounting Standards Update No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, introduced a practical expedient and an accounting policy election to simplify the application of the guidance in Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, to current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. Paragraph BC21 of Update 2025-05 noted that the Board decided to expand the scope of the amendments to include current accounts receivable and current contract assets acquired in a business combination accounted for under Topic 805, Business Combinations, including assets recognized in the consolidation of a variable interest entity (VIE) that is not a business, to promote consistency in applying Topic 326, regardless of how the assets were generated (that is, whether the assets are originated through sales in the normal course of operations or acquired). However, because paragraph 326-20-30-10A includes examples of certain transactions, stakeholders questioned whether the scope of the practical expedient and accounting policy election includes current accounts receivable and current contract assets (arising from transactions accounted under Topic 606) that were acquired

in transactions accounted for under other Topics, such as an asset acquisition accounted for under Subtopic 805-50, Business Combinations—Related Issues, or an asset transfer accounted for under Topic 860, Transfers and Servicing. The proposed amendments to paragraph 326- 20-30-10A would clarify that the practical expedient and the accounting policy election apply to those assets regardless of whether they are originated or acquired by an entity.

Issue 7—Clarify the Scope of the Impairment or Disposal of Long-Lived Assets Guidance
Update paragraph 360-10-15-5(d) and remove the General Note for Financial Instruments from the Scope and Scope Exceptions Section of Subtopic 360-10, Property, Plant, and Equipment—Overall, to clarify that financial instruments are not subject to the guidance on impairment or disposal of long-lived assets.

Issue 8—Remove Repetitive Guidance on Classification of Cash Payments for Asset Retirement Obligations
Supersede paragraph 410-20-45-2 to remove guidance on the classification of a cash payment made to settle an asset retirement obligation because it is duplicative of the guidance in paragraph 410-20-45-3.

Issue 9—Clarify Share-Based Payments Scope Exception for Guidance on Loss Contingencies
Update paragraph 450-20-15-2(a) to clarify that all share-based payments that are accounted for under Topic 718 are transactions excluded from the scope of Subtopic 450-20, Contingencies—Loss Contingencies.

Issue 10—Correct Grammatical Error in Treasury Stock Guidance
Update paragraph 505-30-50-2 by replacing effect with affect to enhance clarity on accounting for treasury stock repurchases.

Issue 11—Clarify Consolidation Requirements of Rabbi Trusts
Stakeholders indicated that it is unclear in Subtopic 710-10, Compensation— General—Overall, whether an entity must (1) evaluate whether a rabbi trust is a VIE and (2) apply the guidance in Topic 810, Consolidation, when a rabbi trust is a VIE. The proposed amendments would clarify that the guidance in paragraph 710-10-45-1 only applies to a rabbi trust that is not a VIE and that if the rabbi trust is within the scope of the VIE guidance, the guidance in Topic 810, including disclosures, applies.

Issue 12—Clarify Guidance for Modified Share-Based Payment Awards
Stakeholders indicated that it is unclear whether a modification to a nonvested employee share-based payment award after the grantee is no longer an employee causes the award to be subject to a Topic other than Topic 718, Compensation—Stock Compensation. The proposed amendments would clarify that the recognition and measurement guidance in Topic 718 should continue to apply throughout the life of the instrument to a freestanding financial instrument or a convertible security issued to a grantee that is an employee, unless its terms are modified after the grantee both vests in the award and is no longer an employee.

Issue 13—Remove Reference to Superseded Guidance in Stock Compensation Illustration
Update paragraph 718-10-55-91 to remove the reference to superseded Section 505-50-25.

Issue 14—Update References in Stock Compensation Subsequent Measurement Guidance
Update paragraphs 718-10-35-14 and 718-20-35-6 to replace the reference to paragraph 718-10-35-10 with a reference to paragraph 718-10-35-10A for guidance on changes to awards made solely to reflect an equity restructuring.

Issue 15—Update Reference in Equity-Classified Stock Compensation Illustration
Replace the reference in paragraph 718-20-55-138 to paragraph 718-20-55-1 with a reference to paragraphs 718-20-55-6 through 55-21 and 718-20-55-23 through 55-23A that contain Example 1, Case A.

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Issue 16—Clarify Intraperiod Tax Allocation Guidance
Update paragraph 740-10-55-38(b)(2) to clarify that a carryback refund is an example, but not the only mechanism, to realize a tax benefit in the current year through a carryback.

Issue 17—Remove References to Extraordinary Items
Replace the phrase an extraordinary gain with a gain on discontinued operations in paragraph 740-20-55-9(a) and remove the term extraordinary from paragraph 908-360-15-2(b) to conform with the changes made by the amendments in Accounting Standards Update No. 2015-01, Income Statement—Extraordinary and Unusual items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.

Issue 18—Clarify the Normal Purchases and Normal Sales (NPNS) Scope Exception Assessment
Paragraph 815-10-15-23 states that the assessment of whether a contract qualifies for the NPNS scope exception should be performed only at the inception of the contract. However, paragraph 815-10-15-39 states that documenting compliance of the requirements for the NPNS scope exception could be done at the inception of the contract or at a later date. The lack of alignment between that guidance creates confusion resulting in the potential for diversity in practice about whether the assessment must be performed only at inception or whether it may be performed at a later date. The proposed amendments would (1) update paragraph 815-10-15-23 to clarify that the assessment of whether a contract qualifies for the NPNS scope exception is performed at the time that the NPNS scope exception is elected, either at the inception of the contract or at a later date, (2) add paragraph 815-10-15-29A to clarify that the clearly and closely related underlying assessment is only required upon election of the NPNS scope exception, which may be later than the contract inception date, and (3) update paragraph 815-10-15-33 to make conforming changes.

Issue 19—Update the Derivatives Scope Guidance Diagram and Clarify the Market Risk Benefits Derivatives Scope Exception
Paragraph 815-10-55-2 includes a diagram that is a visual supplement to the guidance in the Scope and Scope Exceptions Section of Subtopic 815-10, Derivatives and Hedging—Overall, that depicts the process for determining whether a freestanding contract is within the scope of that Subtopic. That diagram has not been consistently updated for changes to the derivatives scope guidance, resulting in several inconsistencies between the guidance in Section 815-10-15 and that diagram. The proposed amendments would update the diagram to be consistent with the current guidance in Section 815-10-15 and would add a reference to clarify the market risk benefits derivatives scope exception.

Issue 20—Clarify the Application of the Spot Method for Net Investment Hedges
The guidance in the Subsequent Measurement Section of Subtopic 815-35, Derivatives and Hedging—Net Investment Hedges, is unclear on whether the spot method can be elected to assess the effectiveness of a hedging instrument if the hedging relationship is not considered perfectly effective. When the amendments in Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, were issued, the Board did not intend to limit the application of the spot method to only perfectly effective hedges. The proposed amendments would clarify that an entity may elect to apply the spot method to net investment hedges when the hedging relationship is not considered perfectly effective but must include any mismatches related to the conditions described in paragraph 815-35-35-9 in its effectiveness assessment.

Issue 21—Remove Reference to Implied Fair Value of Goodwill
Update footnote (d) in paragraph 820-10-55-100 to remove the reference to implied fair value of goodwill to conform with the guidance in Topic 350, Intangibles—Goodwill and Other.

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Issue 22—Update Various Superseded Paragraph References
Update paragraphs 815-10-35-1C, 815-10-65-6, 815-20-25-133, 815-40-35-4, 815-40-50-2, and 954-815-50-1 that reference one or more paragraphs that were superseded by amendments in previously issued Updates.

Staff Review and Commentary:

Comment deadline is November 19, 2026. NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Statement of Cash Flows (Topic 230): Cash Equivalents—Disclosure Enhancement and Evaluation of Certain Digital Assets	November 19, 2026

This proposed update is to (1) clarify whether certain digital assets meet the definition of the term cash equivalents (as defined in the Master Glossary) to reduce diversity in practice and (2) increase transparency of the significant components of cash equivalents.

Stakeholders provided feedback in response to the 2025 FASB Invitation to Comment, Agenda Consultation, that there is uncertainty about whether certain digital assets, such as stablecoins, meet the definition of the term cash equivalents, leading to diversity in practice.

To address that stakeholder feedback, the Board decided to provide illustrative examples to support consistent understanding of whether certain digital assets meet the definition of cash equivalents. In addition, the Board decided to enhance the disclosure requirements for cash equivalents to provide investors and other financial statement users (collectively referred to as "investors") with more transparent information about the significant components of cash equivalents.

The proposed illustrative examples would apply to all entities that have certain digital assets.

The proposed disclosure requirement would apply to all entities that present assets as cash equivalents, regardless of whether any of those assets are digital assets.

Cash equivalents is a defined term in the Master Glossary. An entity is required to have an accounting policy about which short-term, highly liquid assets that meet the definition are presented as cash equivalents.

The amendments in the proposed Update would clarify, through illustrative examples, how the current definition of cash equivalents applies to certain digital assets. The examples illustrate certain attributes that a digital asset that is designed to maintain a stable value relative to a reference asset, such as a fiat currency, would need to meet that current definition including:

1. An on-demand contractual cash redemption right.
2. A direct redemption right with the issuer for known amounts of cash.
3. Segregated reserve assets held by the issuer on at least a one-to-one basis (relative to the issued and outstanding digital assets in circulation) in short-term, highly liquid assets.

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By illustrating how the definition of the term cash equivalents may apply to certain digital assets, the guidance would (1) promote consistent and comparable presentation in financial statements among entities that elect to present certain digital assets as cash equivalents and (2) provide investors with more decision-useful information. In addition, the guidance also would assist entities when applying judgment about whether certain digital assets may meet the definition of cash equivalents. The amendments in the proposed Update would not revise the Master Glossary definition of the term cash equivalents.

The amendments in the proposed Update would require an entity that presents qualifying assets as cash equivalents to disclose, in annual reporting periods, the significant components (for example, U.S. Treasury bills, commercial paper, stablecoins, and money market funds) and related amounts of cash equivalents (regardless of whether any of those assets are digital assets). This proposed disclosure would better align with a similar disclosure requirement under IFRS Accounting Standards, increase transparency, and enhance an investor's ability to assess asset classes that an entity presents as cash equivalents.

An entity would be required to apply the amendments in the proposed Update on a modified prospective basis, as of the beginning of the annual reporting period that includes the period of adoption. The proposed amendments would apply to any digital assets affected by paragraphs 230-10-55-22 through 55-28 that are held as of the date of initial application. In each interim reporting period (if applicable) and the annual reporting period during the annual year of adoption, an entity would be required to present in its statement of cash flows or within its transition disclosures a reconciliation of the opening balance of cash, cash equivalents, restricted cash, and restricted cash equivalents before and after adoption to reflect the effect of applying paragraphs 230-10-55-22 through 55-28.

An entity would be required to apply the amendments in the proposed Update that require disclosure of the significant components and related amounts of cash equivalents on a prospective basis as of the end of the annual reporting period in which the entity first applies the proposed amendments.

The Board will determine the effective date after it considers stakeholder feedback on the amendments in the proposed Update. Early adoption would be permitted in interim and annual reporting periods in which financial statements have not been issued or made available

Staff Review and Commentary:
Comment deadline is November 19, 2026. NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

Exposed FASB Guidance	Comment Deadline & Initial Staff Comments
Transfers and Servicing—Servicing Assets and Liabilities (Subtopic 860-50): Mortgage Servicing Rights—Recapture	November 9, 2026

This proposed update is to specify that an entity should include the value attributable to recapture when measuring the right to service a residential mortgage loan (a residential mortgage servicing right [MSR]) under Subtopic 860-50, Transfers and Servicing—Servicing Assets and Liabilities.

Recapture refers to a mortgage servicer's ability to solicit a borrower to refinance an existing mortgage loan and retain the servicing rights on the new loan. In this way, the servicer can preserve some or all of the economic benefit of servicing when the existing loan is prepaid through refinancing. Because market participants generally assign value to recapture, that value is often reflected in the prices paid for residential MSRs. However, Subtopic

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860-50 does not specifically state whether recapture should be included in the measurement of a residential MSR, which has resulted in diversity in practice and reduced comparability.

To address stakeholder concerns, the amendments in the proposed Update would require that the effects of recapture be included when measuring a residential MSR by specifying that an entity must value all rights and obligations associated with a mortgage servicing contract, including recapture, in accordance with Topic 820, Fair Value Measurement.

The amendments in the proposed Update would apply to all entities that recognize residential MSRs under Subtopic 860-50. The proposed amendments would not affect other servicing assets or liabilities recognized under Subtopic 860-50.

Current GAAP does not explicitly address whether the value attributable to recapture should be included when measuring a residential MSR. The amendments in the proposed Update would specify that an entity must value all rights and obligations associated with a residential mortgage servicing contract in accordance with Topic 820 when measuring a residential MSR, including the effects of recapture.

The amendments in the proposed Update would (1) increase transparency by aligning the measurement of residential MSRs with how they are priced in the marketplace and (2) improve consistency and comparability across entities by reducing diversity in how servicers consider recapture in their residential MSR valuations.

An entity would be required to apply the amendments in the proposed Update using a modified prospective approach that would require that the entity apply the proposed amendments to all residential MSRs outstanding as of the beginning of the period of adoption, with a cumulative-effect adjustment (if applicable) to the opening balance of retained earnings as of the date of adoption. Therefore, an entity would apply the proposed amendments to its existing residential MSRs as follows:

1. Residential MSRs subsequently accounted for under the fair value measurement method would be remeasured as of the beginning of the period of adoption using fair value as determined in accordance with the proposed amendments.
2. Residential MSRs subsequently accounted for under the amortization method would be evaluated and measured for impairment as of the beginning of the period of adoption using fair value as determined in accordance with the proposed amendments.

Early adoption would be permitted in an interim or annual reporting period, provided that an entity that adopts the amendments in the proposed Update in an interim reporting period would be required to adopt the proposed amendments as of the beginning of the annual reporting period that includes that interim reporting period.

The effective date will be determined after the Board considers stakeholder feedback on the amendments in the proposed Update.

Staff Review and Commentary:
Comment deadline is November 9, 2026. NAIC staff recommend that ASU be reviewed under the SAP Maintenance Process as detailed in *Appendix F—Policy Statements.*

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600 University Park Place, Ste 310
Birmingham, AL 35209
205.870.0595
Fax: 815.301.6769

October 5, 2026

Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106

Sent via email to:

Re: Informational submission — Kerper–Bowron Method and comments on the unearned-premium tests in SSAP No. 65

Dear Members of the Working Group:

I write to you for two reasons. First, I want to comment on SSAP 65 and suggest improvements. Second, I want to bring to your attention a peer-reviewed actuarial method that produces contract-level expected future losses and cancellations usable in the SSAP No. 65 unearned-premium tests, and to offer comments on how those tests are structured.

The comments are directed at SSAP No. 65 business generally. Service contracts are used as the illustration because that is the setting of the paper, not because the points are limited to that market.

SSAP No. 65 establishes statutory accounting for property and casualty contracts. For long-duration contracts—coverage periods of 13 months or longer that the insurer cannot cancel—the unearned premium reserve is subject to three tests: refund, proportional, and future losses and expenses. The tests are applied to the most recent three policy years and to the aggregate of older policy years, and the required reserve for each grouping is the maximum of the three tests. Section 5.1 of the paper cited below summarizes this framework and notes that projected future losses under the proportional test are selected by the actuary using methodology appropriate to the data, and that expenses in that test generally include cancellations.

The service-contract market is large, but only a small share of that premium is written directly by NAIC reporting entities. Most of the related reserve sits outside the statutory blank, in administrator, dealer, trust, or other obligor structures, and what is written by an insurer is commonly ceded. Of the long-duration business that does appear on NAIC companies, most is not the underlying service contract itself. It is a failure-to-perform (contractual liability) policy,

which responds if the obligor fails, and which has an earning pattern different from the underlying contract. That distinction is discussed in the paper. Applying the SSAP 65 tests as if the insurer had written the service contract, rather than a failure-to-perform cover with its own timing of exposure, misstates both the earning base and the loss provision.

The Kerper–Bowron Method (patent-pending) replaces a single block-level earning curve with month-by-month probabilistic projections of expected claims and expected cancellation refunds for each contract. The projections are built from point-of-sale data and are updated as experience emerges. Exposures are measured only while the contract is on risk. In Kerper and Bowron, Risks 2026, 14(3), 44, the authors state that these contract-level streams can populate the proportional and future-loss tests under SSAP 65 without changing the refund test. The same projections are described as aligning with ASC 606 and IFRS 17 and as matching, for finite predictable risks, the probability-weighted future cash-flow form in Solvency II Article 77(2).

The method is offered here as an actuarial technique for estimating the amounts that enter the SSAP 65 tests, not as a proposed amendment to the statement. The relevant discussion is in Section 5.1 and in the later sections that define the future-loss and cancellation estimates and the difference in earning pattern between the underlying contract and the failure-to-perform policy.

We also offer the following comments on the tests. They apply to long-duration business under SSAP No. 65 generally.

1. Policy-year grouping. The tests are performed by policy year (the latest three years separately, and older years in aggregate). That grouping does not appear to have a clear economic basis. Unearned premium, expected losses, and expected cancellations are functions of remaining exposure and of the terms written, not of the calendar year of issue. A cleaner approach would be to drop the policy-year segmentation for the three tests and instead require the actuary to disclose earned premium (or earned exposure) by future year. That disclosure would still show the runoff pattern, without forcing the reserve to be the maximum of three tests inside artificial cohorts.

2. Proportionality fixed at inception. The proportional pattern should rest on the assumptions that applied when the policy was written—the expected timing of exposure and loss relative to premium at issue. Later calendar-year effects, such as an inflation surge, change the amount of expected loss, not the shape in which premium was intended to be earned. Those effects belong in the future-loss provision, not in a revision of the earning pattern.

3. Expenses inside the proportional test. Including losses, cancellations, and expenses in the proportional test spreads front-loaded acquisition and administrative costs over the life of the contract. That treatment sits uneasily with statutory accounting, which generally recognizes those costs as incurred rather than amortizing them into the unearned-premium liability. If the proportional test is meant to measure unearned premium on an exposure basis, mixing loss and expense emergence into the earning formula blurs that measurement and can produce a reserve that is partly an implicit deferral of expenses already paid.

4. Refund test at 100 percent. The refund test, applied as a full potential-refund reserve, is more conservative than the cancellation right supports. Only the policyholder can cancel; the insurer cannot. Reserving 100 percent of the contractual refund on every in-force policy therefore holds capital for cancellations that are not expected to occur. A more consistent measure would be a proportional (exposure-based) reserve, plus any expected refunds that exceed that reserve. Expected excess refunds can be estimated from underlying experience, so the additional amount is an explicit, experience-based margin rather than a blanket 100 percent hold.

5. The minimum as a substitute for a reasonable estimate. SSAP No. 65 does not ask for the actuary's best estimate of the unearned premium. It sets a floor: for each of the three most recent policy years the gross unearned premium shall be no less than the largest of the three tests, and for older years no less than the largest of the three tests taken in aggregate. A minimum of that kind conflicts with the actuarial standard that a reserve be reasonable. A reasonable estimate can sit below the largest of the three tests when the tests measure different things—full contractual refund, an earning pattern that spreads expenses, and a discounted deficiency—and the largest of them is not the expected cost of the remaining obligation. Because the statement requires the larger number, a company can hold a reserve that is uneconomically conservative and still be in compliance. For example, an insurer could reserve 100% of the premium and then fully earn on the expiration date, regardless of the underlying claims pattern.

   A better standard would be the actuary's reasonable estimate of the remaining obligation, with the refund obligation and any premium deficiency disclosed separately rather than imposed as an automatic minimum.

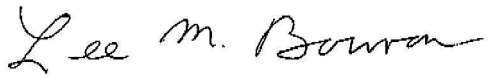
6. Test 3 and the premium-deficiency reserve. The relationship between Test 3 and the premium-deficiency reserve in SSAP No. 53 is unclear, and the two can be applied in a way that double-counts or under-counts the same shortfall. Test 3 is the projected future gross losses and expenses over the unexpired term, with a permitted provision for investment income, reduced by the present value of future guaranteed gross premiums. It functions as a deficiency test, but it is housed inside the unearned premium reserve and is taken as the maximum of the three tests by policy-year group. SSAP No. 53, paragraph 17, requires a separate additional liability when anticipated losses, loss-adjustment expenses, commissions and other acquisition costs, and maintenance costs exceed the recorded unearned premium reserve and future installment premiums. Acquisition costs already expensed need not be considered. Grouping under SSAP No. 53 follows how policies are marketed, serviced, and measured, and a deficiency in one group may not be offset by anticipated profits in another. Neither statement says that satisfying Test 3 discharges the SSAP No. 53 test, or that the SSAP No. 53 reserve is reduced by the amount by which Test 3 has already increased the unearned premium. The investment-income offset allowed in Test 3 also has no counterpart in the SSAP No. 53 wording.

   A cleaner arrangement would keep the unearned premium as an exposure or refund measure and record any excess of expected future costs over that unearned premium and

future premiums once, as a premium-deficiency liability under SSAP No. 53, with one grouping rule and one expense convention. Test 3 would then be unnecessary.

We would be happy to provide additional comments or assistance to the Working Group or its staff. I have not filed an SAPWG Maintenance Agenda form for these issues.

Respectfully,



Lee M. Bowron, ACAS, MAAA

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Peer-reviewed papers

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