

Draft date: 11/16/23

2023 Fall National Meeting
Orlando, Florida

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

Saturday, December 2, 2023

11:30 AM - 12:00 PM ET

Floridian Ballroom J-L - Level 1 - Bonnet Creek

ROLL CALL

Cassie Brown, Chair	Texas	Troy Downing	Montana
Mike Causey, Vice Chair	North Carolina	Remedio C. Mafnas	N. Mariana Islands
Mark Fowler	Alabama	Eric Dunning	Nebraska
Lori K. Wing-Heier	Alaska	D.J. Bettencourt	New Hampshire
Alan McClain	Arkansas	Justin Zimmerman	New Jersey
Ricardo Lara	California	Adrienne A. Harris	New York
Andrew N. Mais	Connecticut	Jon Godfread	North Dakota
Trinidad Navarro	Delaware	Judith L. French	Ohio
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
Michael Yaworsky	Florida	Andrew R. Stolfi	Oregon
Michelle B. Santos	Guam	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Elizabeth Kelleher Dwyer	Rhode Island
Doug Ommen	Iowa	Michael Wise	South Carolina
Vicki Schmidt	Kansas	Larry D. Deiter	South Dakota
Sharon P. Clark	Kentucky	Carter Lawrence	Tennessee
James J. Donelon	Louisiana	Jon Pike	Utah
Timothy N. Schott	Maine	Kevin Gaffney	Vermont
Gary D. Anderson	Massachusetts	Scott A. White	Virginia
Anita G. Fox	Michigan	Mike Kreidler	Washington
Grace Arnold	Minnesota	Allan L. McVey	West Virginia
Chlora Lindley-Myers	Missouri	Nathan Houdek	Wisconsin

NAIC Support Staff: Robin Marcotte

AGENDA

1. Consider Adoption of its Summer National Meeting Minutes—*Jamie Walker (TX)* Attachment One
2. Consider Adoption of its Working Group Reports
 - A. Statutory Accounting Principles (E) Working Group—*Dale Bruggeman (OH)* Attachment Two
 - B. Blanks (E) Working Group—*Pat Gosselin (NH)* Attachment Three



3. Discuss Any Other Matters Brought Before the Task Force—*Jamie Walker (TX)*
4. Adjournment

Draft Pending Adoption

Draft: 8/21/23

Accounting Practices and Procedures (E) Task Force
Seattle, Washington
August 14, 2023

The Accounting Practices and Procedures (E) Task Force met in Seattle, WA, Aug. 14, 2023. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Mike Causey, Vice Chair, represented by Jackie Obusek (NC); Mark Fowler represented by Sheila Travis (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Kim Hudson (CA); Andrew N. Mais represented by William Arfanis (CT); Karima M. Woods represented by Yohannes Negash (DC); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Ainsley Hurley (FL); Doug Ommen represented by Kevin Clark (IA); Dean L. Cameron represented by Eric Fletcher (ID); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Bill Clark (KY); James J. Donelon represented by Melissa Gibson (LA); Gary D. Anderson represented by Debra Kaplan (MA); Timothy N. Schott represented by Vanessa Sullivan (ME); Anita G. Fox represented by Judy Weaver and Steve Mayhew (MI); Chlora Lindley-Myers represented by Debbie Doggett (MO); Troy Downing represented by Erin Synder (MT); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Jill Gleason (NE); Justin Zimmerman represented by John Sirovetz (NJ); D.J. Bettencourt represented by Pat Gosselin (NH); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Diane Carter (OK); Andrew R. Stolfi represented by Kirsten Anderson (OR); Michael Humphreys represented by Diana Sherman (PA); Elizabeth Kelleher Dwyer represented by Ted Hurley (RI); Michael Wise represented by Thomas Baldwin (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Jon Pike represented by Jake Garn (UT); Scott A. White represented by David Smith (VA); Kevin Gaffney represented by Dan Petterson (VT); Mike Kreidler represented by Steve Drutz (WA); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its Spring National Meeting Minutes

Walker directed the Task Force to its Spring National Meeting minutes. Obusek made a motion, seconded by Doggett, to adopt the Task Force's March 23 minutes (*see NAIC Proceedings – Spring 2023, Accounting Practices and Procedures (E) Task Force*). The motion passed unanimously.

2. Adopted its 2024 Proposed Charges

Walker directed the Task Force to its proposed 2024 charges, noting that the charges were unchanged from the prior year, as many of the charges are continuous in nature. Bruggeman made a motion, seconded by Hudson, to adopt the Task Force's 2024 proposed charges (Attachment Three). The motion passed unanimously.

3. Adopted the Report of the Statutory Accounting Principles (E) Working Group

Bruggeman provided the report of the Statutory Accounting Principles (E) Working Group, which met Aug. 13. During this meeting, the Working Group adopted its July 5, June 28, May 16, April 12, April 10, and Spring National Meeting minutes. The May 16 meeting included adoption of editorial item 2023-11EP and adoption of Interpretation (INT) 22-02: *Third Quarter 2022 through Second Quarter 2023 Reporting of the Inflation Reduction Act Corporate – Alternative Minimum Tax*, which extended the interpretation for the second quarter 2023 statutory financial statements.

Bruggeman stated that during its Aug. 13 meeting, the Working Group adopted the following clarifications to statutory accounting guidance:

Draft Pending Adoption

- A. *Statement of Statutory Accounting Principles (SSAP) No. 5R—Liabilities, Contingencies, and Impairments of Assets and Issue Paper No. 168—Updates to the Definition of a Liability*: Adopted revisions to the definition of a liability under statutory accounting. (Ref #2022-01)
- B. *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*: Adopted revisions to SSAP No. 24 to reject Accounting Standards Update (ASU) 2021-10, *Government Assistance*, and the incorporation of disclosures regarding government assistance. (Ref #2023-06)
- C. *SSAP No. 26R—Bonds, SSAP No. 43R—Loan-Backed and Structured Securities*, and other affected SSAPs to refine guidance for the principles-based bond project. (Note that SSAP No. 26R and SSAP No. 43R have updated titles effective Jan. 1, 2025.) (Ref #2019-21)
- D. *SSAP No. 34—Investment Income Due and Accrued*: Adopted revisions to clarify and incorporate a practical expedient to the paid-in-kind (PIK) interest aggregate disclosure for SSAP No. 34 and annual statement instruction purposes. (Ref #2023-13)
- E. SSAP No. 43R: Adopted revisions to incorporate changes to add collateralized loan obligations (CLOs) to the financial modeling guidance and to clarify that CLOs are not captured as legacy securities. (Ref #2023-02)
- F. *SSAP No. 95—Nonmonetary Transactions and SSAP No. 104R—Share-Based Payments*: Adopted, with modification, ASU 2019-08, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*. The revisions add guidance to include share-based consideration payable to customers. (Ref #2023-07)
- G. *INT 20-01: ASU 2020-04 and 2021-01 – Reference Rate Reform*: Adopted proposal to revise the expiration date of INT 20-01 to Dec. 31, 2024. (Ref #2023-05)
- H. *INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* was adopted with three editorial revisions. This INT provides optional, limited-time guidance, which allows the admittance of net negative (disallowed) interest maintenance reserve (IMR) up to 10% of adjusted capital and surplus. As detailed within the INT, it will be effective until Dec. 31, 2025, and automatically nullified on Jan. 1, 2026, but the effective date can be adjusted (e.g., nullified earlier or extended). In addition, the Working Group directed the formation of an ad hoc subgroup to work on a long-term solution. Upon adoption of the INT, NAIC staff will provide the Blanks (E) Working Group with a disclosure memorandum for posting on their website for year-end 2023. Additionally, a blanks proposal will be sponsored to incorporate the disclosures and attestation requirements into the notes and general interrogatories for year-end 2024. (Ref #2022-19)
- I. Appendix D—Nonapplicable GAAP Pronouncements: The following U.S. generally accepted accounting principles (GAAP) standards were rejected as they are not applicable to statutory accounting:
 - i. *ASU 2019-07—Codification Updates to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates*. (Ref #2023-08)

Draft Pending Adoption

- ii. *ASU 2020-09, Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762—Debt (Topic 470)*. (Ref #2023-09)
- iii. *ASU 2022-05, Transition for Sold Contracts*. (Ref #2023-10)

Bruggeman stated that the Working Group exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance until Sept. 29, except for INT 23-02T, INT 23-03T, Ref #2022-11, and Ref #2023-12, which have a comment deadline of Sept. 12:

- A. *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Exposed revisions to further restrict the investments that are permitted for cash equivalent or short-term investment reporting. These revisions are proposed to ensure that certain investment types are captured on designated Schedule BA reporting lines and to eliminate the potential to design investments to specifically qualify for short-term reporting. (Ref #2023-17)
- B. *SSAP No. 5R, SSAP No. 92—Postretirement Benefits Other Than Pensions, SSAP No. 102—Pensions, and SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*: Exposed revisions to adopt with modification certain aspects of *ASU 2016-19—Technical Corrections and Improvements*. Revisions also propose amending SSAP No. 92 guidance on insurance contracts to use the same terminology used in SSAP No. 102. (Ref #2023-18)
- C. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: Expose the overall concept for a long-term project to capture accounting guidance for asset valuation reserve (AVR) and IMR in SSAP No. 7. (Ref #2023-14)
- D. *SSAP No. 20—Nonadmitted Assets and SSAP No. 21R—Other Admitted Assets*: Re-exposed the revisions that clarify that pledged collateral must qualify as an admitted invested asset for a collateral loan to be admitted. The revisions require audits and the use of net equity value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies (LLCs), or joint ventures. (Ref #2022-11)
- E. *SSAP No. 21R and Bond Issue Paper*: Exposed a revised SSAP No. 21R to provide guidance for the accounting for debt securities that do not qualify as bonds, as well as proposed measurement guidance for residuals. (Ref #2019-21)
- F. *SSAP No. 43R*: Exposed an updated proposal to reflect revisions from the interim discussions and coordination on revisions to clarify the scope and reporting for investment structures that represent residual interests within SAPs. (Ref #2023-12)
- G. *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*: Exposure requests industry and regulator comment on a proposal to further define and provide examples for the investments captured as non-registered private funds, joint ventures, partnerships or LLCs, or residual interests and reported based on the underlying characteristics of assets. (Ref #2023-16)
- H. *SSAP No. 54R—Individual and Group Accident and Health Contracts*: Exposed clarifying revisions and an illustration to SSAP No. 54R to clarify that gross premium valuation (under A-010) and cash-flow testing (under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* [AG 51]) are both required if indicated. (Ref #2023-22)

Draft Pending Adoption

- I. SSAP No. 92 and SSAP No. 102: Exposed revisions to SSAP No. 92 and SSAP No. 102 to remove the transition guidance that was included in the initial adoption of SSAP No. 92 and SSAP No. 102, as it is past the 10-year effective period for that transition. (Ref #2023-21)
- J. *SSAP No. 93—Low-Income Housing Tax Credit Property Investments* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*: Exposed interested party comments on revisions to SSAP No. 93 and SSAP No. 94R and updates made in response to the comments received. (Ref #2022-14)
- K. *INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*: Exposed the intent to nullify INT 03-02, as it is inconsistent with *SSAP No. 25—Affiliates and Other Related Parties*. (Ref #2022-12)
- L. *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax*: Exposed a proposed INT that recommends that for third-quarter 2023, reporting entities should disclose whatever information is available regarding their applicable reporting entity status. (INT 23-02)
- M. *INT 23-03: Corporate Alternative Minimum Tax Guidance*: Exposed the INT, which provides guidance effective beginning year-end 2023 reporting of the corporate alternative minimum tax, which applies *SSAP No. 101—Income Taxes* with modification and provides disclosures. The exposed INT 23-03 includes that paragraph 11c of SSAP No. 101 should be followed. (Ref #2023-04)
- N. *IMR/AVR Specific Allocations*: Exposed revisions to the *Annual Statement Instructions* to remove the guidance that permits the specific allocation of non-interest-related losses to IMR. (Ref #2023-15)
- O. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. GAAP standards were exposed with revisions to reject, as they are not applicable to statutory accounting:
 - i. *ASU 2018-09—Codification Improvements* (Ref #2023-19)
 - ii. *ASU 2020-10—Codification Improvements* (Ref #2023-20)

Bruggeman stated that the Working Group directed NAIC staff on the following items:

- A. *Review Annual Statement Instructions for Accounting Guidance*: To proceed with a broad project to review the annual statement instructions and ensure accounting guidance is included within the SSAPs. (Ref #2023-01)
- B. *Schedule BA Reporting*: Directed NAIC staff to sponsor a blanks proposal to revise Schedule BA: Other Long-Term Assets in accordance with the bond project for debt securities that do not qualify as bonds, with formal notice to the Valuation of Securities (E) Task Force and the Capital Adequacy (E) Task Force on the proposal to allow life reporting entities the ability to use existing Schedule BA reporting provisions for Securities Valuation Office (SVO)-assigned designations in determining risk-based capital (RBC) for debt securities that do not qualify as bonds. (Ref #2019-21)

Bruggeman stated that the Working Group received an update on U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.

Bruggeman made a motion, seconded by Clark, to adopt the report of the Statutory Accounting Principles (E) Working Group (Attachment One). The motion passed unanimously.

Draft Pending Adoption

4. Adopted the Report of the Blanks (E) Working Group

Gosselin provided the report of the Blanks (E) Working Group which met July 27. During this meeting, the Working Group adopted its May 31 minutes, which included adoption of its March 7 minutes. During its May 31 meeting, the Working Group adopted its editorial listing and the following proposals:

- A. 2022-17BWG Modified – Add a new disclosure paragraph for Note 8 – Derivative Instruments and Illustration. The new disclosure is to be data captured. Add electronic-only columns related to derivatives with excluded components to Schedule DB, Part A and Part B for both Section 1 and Section 2. Add new code column instructions for Schedule DB, Part A and B (SAPWG 2021-20).
- B. 2023-01BWG Modified – Remove pet insurance from the inland marine line of business and add a new line of business to Appendix – P/C Lines of Business. Add a pet insurance line within the existing property/casualty (P/C) blank for the Underwriting and Investment Exhibits, Exhibit of Premiums and Losses (State Page), and Insurance Expense Exhibit. Add new Schedule P Parts 1 through 4, specific to pet insurance.
- C. 2023-02BWG Modified – Add an exhibit to identify premiums that are reportable for Market Conduct Annual Statement (MCAS) purposes.
- D. 2023-03BWG – Remove life crosschecks for columns 2, 6, and 10 on the Accident and Health Policy Experience Exhibit (AHPEE).
- E. 2023-04BWG Modified – Add instructions for the appointed actuary and qualified actuary contacts to the Jurat electronic-only section.
- F. 2023-08BWG – Add clarifying language for mutual insurance companies on Schedule Y, Part 3.
- G. 2023-10BWG Modified – Update the three primary issue periods on Long-Term Care Experience Reporting Form 2.
- H. 2023-11BWG Modified – Add additional instructions and illustrations to be data captured for Note 7 – Investment Income in the notes to the financial statement to disclose more information on interest.

Gosselin stated that during its May 31 meeting, the Working Group deferred three proposals: 2023-05BWG – Changes to the Cybersecurity supplement; 2023-07BWG – Delete the legal entity identifier (LEI) column for the select investment schedules; and 2023-09BWG – Add a new financial statement Note 37 – Life Insurance Net Amount at Risk by Product Characteristics.

Gosselin stated that on July 27, the Working Group deferred the following proposals for an additional comment period:

- A. 2023-05BWG Modified – Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for Identity Theft Insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown, as well as first-party and third-party breakdowns from data collection, and remove the question in the interrogatories regarding tail policies.

Draft Pending Adoption

- B. 2023-07BWG – Update the code column and delete the LEI column for the following investment schedules: Schedules A, B, BA, D Part 2, D Part 6, and E Part 1.
- C. 2023-09BWG – Add a new financial statement Note 37 – Life Insurance Net Amount at Risk by Product Characteristics to the life and accident and health/fraternal blank for the updates to the life C-2 mortality risk charges for life RBC.

Gosselin stated that on July 27, the Working Group adopted its editorial listing and re-exposed 2023-06BWG – Split the Schedule D, Part 1 into two sections: one for issuer credit obligations and the other for asset-backed securities (ABS). Update the other parts of the annual statement that reference the bond lines of business.

Gosselin made a motion, seconded by Hudson, to adopt the report of the Blanks (E) Working Group (Attachment Two). The motion passed unanimously.

Having no further business, the Accounting Practice and Procedures (E) Task Force adjourned.

[https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member Meetings/E CMTE/APPTF/2023-2 Summer/Summary and Minutes/Minutes APPTF Summer_National Meeting.docx](https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/E%20CMTE/APPTF/2023-2%20Summer/Summary%20and%20Minutes/Minutes%20APPTF%20Summer_National%20Meeting.docx)

NAIC

2023 FALL NATIONAL MEETING

ORLANDO

*2023 Fall National Meeting
Orlando, Florida*

STATUTORY ACCOUNTING PRINCIPLES (E) WORKING GROUP

Friday, December 1, 2023
10:00 a.m. – 12:00 p.m.

Meeting Summary Report

The Statutory Accounting Principles (E) Working Group met Dec. 1, 2023. During this meeting, the Working Group:

1. Adopted its Oct. 31 (e-vote), Oct. 24 (e-vote), Oct. 23, Sept. 21, and Summer National Meeting minutes.
2. Adopted the following clarifications and new concepts to statutory accounting guidance:
 - A. *Statement of Statutory Accounting Principles (SSAP) No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Adopted new statutory accounting principle (SAP) concept revisions to further restrict the investments that are permitted for cash equivalent and short-term reporting, with an effective date of Jan. 1, 2025. The revisions exclude all Schedule BA: Other Long-Term Investments and mortgage loans. (Ref #2023-17)
 - B. *SSAP No. 30R—Unaffiliated Common Stock and SSAP No. 32R—Preferred Stock*: Adopted revisions clarify that investments that are in substance residual interests shall be reported on Schedule BA on the dedicated reporting line for residuals, effective year-end 2023. (Ref #2023-23)
 - C. *SSAP No. 54R—Individual and Group Accident and Health Contracts*: Adopted revisions clarify that gross premium valuation (under A-010, *Minimum Reserve Standards for Individual and Group Health*) and cash-flow testing (under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves*) are both required if indicated. (Ref #2023-22)
 - D. *Annual Statement Instructions*: Adopted revisions to update and remove guidance that has permitted allocation of non-interest-related losses to the interest maintenance reserve (IMR) with an effective date of Jan. 1, 2024. The revisions address mortgage loans with valuation allowances and debt securities with known credit events. (Ref #2023-15)
3. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance until Feb. 9, 2024, except for agenda items 2019-21, 2023-16, and 2023-28 which have a comment deadline of Jan. 22, 2024, and Interpretation (INT) 23-04 which has a comment deadline of Dec. 29, 2023:

- A. *SSAP No. 21R—Other Admitted Assets*: Exposed revisions to SSAP No. 21R to incorporate a new measurement method for residual interests. The revisions incorporate industry’s proposal of an “effective yield with a cap” method as well as a practical expedient to allow the “cost recovery” method. (Ref #2019-21)
- B. *SSAP No. 21R—Other Admitted Assets*: Exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to enable state insurance regulators with the ability to quickly identify the type of collateral that supports admittance of collateral loans. (Ref #2023-28)
- C. *SSAP No. 34—Investment Income Due and Accrued, SSAP No. 48R—Joint Ventures, Partnerships and Limited Liability Companies, SSAP No. 93—Low-Income Housing Tax Credit Property Investments, and SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*: Exposed revisions update the proposed guidance for investments in tax credits as well as acquired tax credits in response to the comments received. Exposure also requests comments on updated annual statement reporting categories for tax credit investment risk-based capital (RBC). (Ref #2022-14)
- D. *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies*: Exposed revisions to further define for consistency purposes the investments captured as non-registered private funds, joint ventures, partnerships or limited liability companies, or residual interests be reported based on the underlying characteristics of assets. (Ref #2023-16)
- E. *SSAP No. 58—Mortgage Guaranty Insurance*: Exposed intent to review the revisions to the *Mortgage Guaranty Insurance Model Act* (#630) for incorporation into SSAP No. 58 and Appendix A-630 as applicable. The exposure requests input on an effective date. (Ref #2023-31)
- F. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Exposed revisions to update the language in paragraph 24 on audits and admissibility to better align with guidance in paragraphs 26 and 27 on the look-through methodology. (Ref #2023-30)
- G. *Various SSAPs, Accounting Standards Update (ASU) 2016-13 Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments and Other Related ASUs (CECL)*: Exposed revisions to reject current expected credit loss (CECL) within *Interpretation (INT) 06-07: Definition of Phrase “Other Than Temporary”* and fifteen applicable SSAPs. (Ref #2023-24)
- H. *Annual Statement Instructions*: Exposed revisions to clarify that realized gains and losses on perpetual preferred stock shall not be added to the IMR, regardless of NAIC designation, and shall follow the same concepts that exist for common stock in reporting realized gains/losses to the asset valuation reserve (AVR). (Ref #2023-29)
- I. *INT 23-04T: Life Reinsurance Liquidation Questions*: Exposed revisions to INT 23-04 provide accounting and reporting guidance for ceding entities with the life reinsurance counterparty, Scottish Re, in liquidation. This requires following existing life reinsurance guidance and requires nonadmission of unpaid claims and other amounts that are either in dispute or not collateralized

by an A-785 compliant trust. It allows admission of undisputed claims incurred before contract cancellation, and paid before the reporting period, and undisputed amounts which are secured by an A-785 compliant trust.

- J. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting (GAAP) standards were exposed with revisions to reject, as they are not applicable to statutory accounting:
 - i. *ASU 2023-03, Amendments to SEC Paragraphs* (Ref #2023-25)
 - ii. *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)
4. Moved the following items to the disposed listing without statutory revisions:
 - A. Agenda item 2023-03: *C-2 Mortality Risk Note*, was moved to disposed, noting a replacement general interrogatory blanks proposal was exposed.
 - B. Agenda item 2016-20: *ASU 2026-20 – Credit Losses*, which originally started to address CECL, was moved to disposed, noting a replacement agenda item 2023-24 was exposed.
 5. Directed NAIC staff on the following items:
 - A. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: The Working Group established a long-term project to incorporate accounting guidance for AVR and IMR. (Ref #2023-14)
 - B. *INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*: The Working Group deferred action and directed NAIC staff to continue working with interested parties on the proposal. (Ref #2022-12)
 - C. *ASU 2023-06, Codification Amendments in Response to the SEC’s Disclosure Update*: The Working Group deferred action on pending agenda Item 2023-26.
 6. Received updates on the following:
 - A. U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.
 - B. Life Actuarial (A) Task Force Coordination Memorandum noting that no Working Group action is required.
 - C. NAIC staff monitoring of International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities.

7. On its Oct. 31 e-vote, the Working Group exposed, until Nov. 15, revisions to SSAP No. 30R and SSAP No. 32R to clarify that investments that are in substance residual interests are to be reported on Schedule BA on the dedicated reporting line for residuals. (Ref #2023-23)
8. On its Oct. 24 e-vote, the Working Group exposed, until Nov. 15, *INT 23-04T: Life Reinsurance Liquidation Questions*, which provides accounting and reporting guidance for ceding entities with a life reinsurance counterparty in liquidation.
9. During its Oct. 23 meeting, the Working Group:
 - A. Adopted with modification in several SSAPs certain aspects of *ASU 2016-19—Technical Corrections and Improvements* and revisions to *SSAP No. 92—Postretirement Benefits Other Than Pensions* to change the term “insurance contracts” to “insurance annuities” consistent with *SSAP No. 102—Pensions*. (Ref #2023-18)
 - B. Adopted revisions to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 21R—Other Admitted Assets* that clarify that pledged collateral must qualify as an admitted invested asset for a collateral loan to be admitted. The revisions require audits and the use of fair value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies, or joint ventures. (Ref #2022-11)
 - C. Adopted revisions to *SSAP No. 92* and *SSAP No. 102* to remove the transition guidance, as the 10-year applicable transition period has ended. (Ref #2023-21)
 - D. Rejected *ASU 2018-09—Codification Improvements* (Ref #2023-19) and *ASU 2020-10—Codification Improvements* (Ref #2023-20) through Appendix D as not applicable for statutory accounting.
10. During its Sept. 21 meeting, the Working Group:
 - A. Adopted revisions to *SSAP No. 43R—Loan-Backed and Structured Securities* to clarify the scope and reporting for investment structures that represent residual interests. (Ref #2023-12)
 - B. Adopted *INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax*, which recommends for third-quarter 2023 that reporting entities should disclose whatever information is available regarding their applicable reporting entity status.
 - C. Adopted *INT 23-03: Corporate Alternative Minimum Tax Guidance*, which provides guidance effective beginning year-end 2023 reporting of the corporate alternative minimum tax, which applies *SSAP No. 101—Income Taxes* with modification and provides disclosures. (Ref #2023-04)



Virtual Meeting

BLANKS (E) WORKING GROUP

Tuesday, Nov. 7, 2023

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

Summary Report

The Blanks (E) Working Group met Nov. 7, 2023. During this meeting, the Working Group:

1. Adopted its July 27 minutes.
2. Re-exposed the following proposal for an additional public comment period:
 - A. 2023-05BWG Modified – Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for identity theft insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown from data collection, and remove the question in the interrogatories regarding tail policies.
 - B. 2023-12BWG Modified – Categorize debt securities on Schedule BA that do not qualify as bonds under *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* or *SSAP No. 43R—Asset-Backed Securities* and are captured in scope of *SSAP No. 21R—Other Invested Assets*.
3. Adopted the following proposals:
 - A. 2023-06BWG – Split the Schedule D, Part 1, into two sections: one for issuer credit obligations and the other for asset-backed securities (ABS). Update the other parts of the annual statement that reference the bond lines of business.
 - B. 2023-07BWG – Update the code column and delete the legal entity identifier (LEI) column for the following investment schedules: Schedules A, B, BA, D Part 2, D Part 6, and E Part 1.
4. Exposed three new items for a 75-day public comment period ending Jan. 22, 2024.
5. Received memorandums from the Statutory Accounting Principles (E) Working Group.
 - A. SAPWG INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve (IMR)
 - B. Statutory Accounting Principles (E) Working Group Year-end updates:
 1. Ref #2023-13: (Payment in Kind) PIK Interest Disclosure Clarification
 2. *Interpretation (INT) 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective the third quarter of 2023 only)
 3. Ref #2023-04; INT 23-03: Inflation Reduction Act – Corporate Alternative Minimum Tax (effective year-end 2023 reporting and thereafter)
 4. Ref # 2023-12: Residuals in *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* investments
 5. Ref #2023-2: Removal of transition guidance from *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*
6. Adopted its editorial listing.
7. Approved the state filing checklist templates.