

*2025 Summer National Meeting  
Minneapolis, Minnesota*

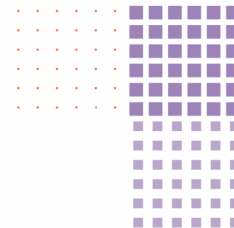
## **ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE**

Tuesday, August 12, 2025  
11:00 – 11:30 a.m.

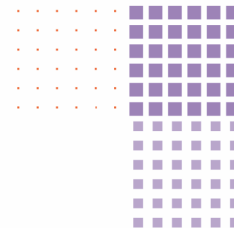
### **Meeting Summary Report**

The Accounting Practices and Procedures (E) Task Force met Aug. 12, 2025. During this meeting, the Task Force:

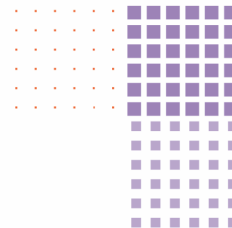
1. Adopted its Spring National Meeting minutes.
2. Adopted its 2026 proposed charges.
3. Adopted the report of the Statutory Accounting Principles (E) Working Group, which met Aug. 11. During this meeting, the Working Group took the following action:
  - A. Adopted its Spring National Meeting minutes.
  - B. Adopted its April 10 minutes. During this meeting, the Working Group held discussions on agenda items 2024-05 and 2024-06, which included a presentation from the American Council of Life Insurers (ACLI) on statutory risk transfer considerations and a presentation by a regulator representing the Life Actuarial (A) Task Force on combined coinsurance funds withheld yearly renewable term (YRT) agreements.
  - C. Adopted its May 22 minutes. During this meeting, the Working Group took the following action:
    - i. Adopted the following clarifications to statutory accounting guidance:
      - a. Revisions to *Statement of Statutory Accounting Principles (SSAP) No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to require the restricted asset note in all quarterly and annual financial statements and to incorporate a disclosure to identify funds withheld assets that are related to/affiliated with the reinsurer. (Ref #2025-05)
      - b. Revisions to *SSAP No. 84—Health Care and Government Insured Plan Receivables* to add disclosures regarding Medicare Part D Prescription Payment Plan receivables. (Ref #2025-08)
      - c. Revisions to the annual statement blanks:
        - 1) Delete the capital structure code-specific columns from Schedule D-1-1 (Long-Term Bonds – Issuer Credit Obligations) and Schedule D-1-2 (Asset-Backed Securities). (Ref #2025-04)
        - 2) Delete line 8 from the asset valuation reserve (AVR) schedule, formerly identified as “Unrated Multi-Class Securities Acquired by Conversion” and categorized under bonds in the AVR. (Ref #2025-06)



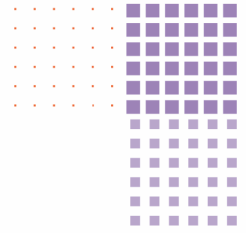
- 3) Delete the general interrogatory No. 14 for dividends in Part Two of the general interrogatories in the life, accident and health, and fraternal (life/fraternal) annual statement blank. (Ref #2025-07)
- 4) Create a new reporting schedule (included in Exhibit 1 of the Form A), which adds a new part to the reinsurance Schedule S in the life/fraternal annual statement blanks and instructions, and recommend that the Blanks (E) Working Group move forward with the adoption of its corresponding agenda item 2025-05BWG. (Ref #2024-07)
- d. Adopted *Issue Paper No. 171—Current Expected Credit Losses* (CECL) to preserve the pre-CECL U.S. generally accepted accounting principles (GAAP) impairment and other-than-temporary impairment guidance for historical reference. (Ref #2023-24)
- ii. Exposed the following clarifications to statutory accounting guidance:
  - a. Revisions to add new guidance that would allow certain qualifying investment trusts holding residential mortgage loans to fall within the scope of *SSAP No. 37—Mortgage Loans* and allow for reporting of residential mortgage loans held in qualifying trusts on Schedule B – Mortgage Loans. (Ref #2025-13)
  - b. Revisions to the status section on the cover page of the statements of SSAPs. The two primary revisions are to: 1) change “substantively” revised to “conceptually” revised and 2) remove the issue paper references. (Ref #2025-16)
  - c. Various editorial revisions to three SSAPs and one interpretation, which include updates to disclosures, removing a remaining credit rating provider (CRP) designation, and removing superseded terminology. (Ref #2025-17EP)
  - d. The following U.S. GAAP standards were exposed for rejection in Appendix D—Nonapplicable GAAP Pronouncements:
    - 1) *Accounting Standards Update (ASU) 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (Ref #2025-14)
    - 2) *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*. (Ref #2025-15)
- D. Adopted its June 2 minutes. During this meeting, the Working Group exposed agenda items 2024-05 and 2024-06 for a 43-day public comment period ending July 14.
- E. Adopted its June 5 minutes. During this meeting, the Working Group exposed edits to *Interpretation (INT) 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* to extend the effective date until Dec. 31, 2026, and incorporate clarifications to the INT’s.
- F. Adopted the following clarifications to statutory accounting guidance:
  - i. Adopted various editorial revisions, including updates to disclosures, removing a remaining CRP designation, and removing superseded terminology. (Ref #2025-17EP)
  - ii. Adopted *ASU 2024-04, Debt—Debt with Conversion and Other Options*, with modification to provide clarifications on induced conversions, including when the inducement shall be recognized as an expense by the issuer, as well as the fair value measurement of that expense. (Ref #2025-02)



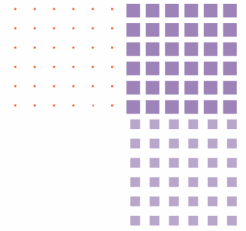
- iii. Adopted revisions in *SSAP No. 51—Life Contracts* to reflect different reserving methodologies in *Valuation Manual (VM)-22*, Statutory Maximum Valuation Interest Rates for Income Annuities, principle-based reserve (PBR) requirements. (Ref #2025-09)
- iv. Adopted revisions in *SSAP No. 61—Life, Deposit-Type, and Accident and Health Reinsurance* and *Appendix A-791, Life and Health Reinsurance Agreements* to clarify risk transfer on combination reinsurance contracts with interdependent contract features. The adopted clarifications are immediately effective for new/newly amended contracts, with provisions to allow a Dec. 31, 2026, effective date for existing contracts to allow time for industry and regulator assessment. This item received a separate vote. (Ref #2024-06)
- v. Adopted revisions to extend the effective date of *INT 23-01: Net Negative (Disallowed) IMR* to Dec. 31, 2026, and add additional requirements and clarifications to the guidance in the INT. (Ref #2022-19)
- vi. Adopted revisions to delete a sentence in A-791, paragraph 2c, question and answer. (Ref #2024-05)
- vii. Adopted revisions to the *2026 Accounting Practices and Procedures Manual (AP&P Manual)* to streamline the status section of each SSAP. The status section will no longer reference issue papers, and references to “substantively revised” would be changed to “conceptually revised” to be consistent with previously adopted policy statement language. (Ref #2025-16)
- viii. The following U.S. GAAP standards were adopted for rejection in *Appendix D—Nonapplicable GAAP Pronouncements*:
  - a. *ASU 2023-07, Improvements to Reportable Segment Disclosures*. (Ref #2025-10)
  - b. *ASU 2024-03, Disaggregation of Income Statement Expenses* and *ASU 2025-01, Clarifying the Effective Date of ASU 2024-03*. (Ref #2025-11)
  - c. *ASU 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*. (Ref #2025-14)
  - d. *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*. (Ref #2025-15)
- G. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending Oct. 17, except for agenda item 2025-19, which is exposed for a public comment period ending Sept. 19:
  - i. Exposed revisions in *SSAP No. 22—Leases* to clarify that sale-leasebacks with restrictions on access to the cash received from the sale do not qualify for sale-leaseback accounting, and the seller must account for these using the financing method. (Ref #2025-01)
  - ii. Exposed revisions to *SSAP No. 26—Bonds*, *SSAP No. 21—Other Admitted Assets*, *SSAP No. 43—Asset-Backed Securities*, and annual statement blanks to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures. The edits also propose disclosures for residuals that identify the company’s measurement method, whether the company is transitioning from the practical expedient to the allowable earned yield (AEY) method, and for those following the AEY method, information comparable to SSAP No. 43 for impaired securities. The proposed revisions also converge and clarify language across SSAPs. (Ref #2025-20)



- iii. Exposed revisions to SSAP No. 37 allowing residential mortgage loans in trust to reflect several recommended changes per discussions with the industry. (Ref #2025-13)
- iv. Exposed revisions to clarify that retirement plan assets can be held at net asset value (NAV) and shall be included in the required fair value disclosure. (Ref #2025-21)
- v. Exposed revisions in *SSAP No. 101—Income Taxes* to adopt, with modification, certain revisions from *ASU 2019-12 Simplifying the Accounting for Income Taxes*. Exposure incorporates U.S. GAAP guidance previously incorporated by reference. (Ref #2025-18)
- vi. Annual statement blanks:
  - a. Exposed new disclosures to identify private placement securities in the investment schedules and incorporate an aggregate disclosure that details key investment information by type of security (public and private placement types). (Ref #2025-19)
  - b. Exposed revisions to eliminate the investment subsidiary concept from the instructions. (Ref #2024-21)
- H. Directed NAIC staff on the following items:
  - i. Directed NAIC staff to proceed with using the exposed interest maintenance reserve (IMR) definition, with the minor modifications noted during the meeting, and the intent to eliminate hypothetical IMR in the forthcoming issue paper, and subsequent revisions to *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*, as part of the long-term project to establish concepts for IMR and to capture the accounting guidance in SSAP No. 7. With this direction, subsequent exposures of the issuer paper and proposed SSAP revisions may result with future revisions to the directed definition and how IMR is allocated in reinsurance transactions. (Refs #2023-14 and #2025-03)
- I. Received updates on the following:
  - i. IMR Ad Hoc Group activities, noting that its discussions have focused on IMR from reinsurance transactions and proof of reinvestment.
  - ii. Asset liability matching (ALM) derivatives, noting that the Working Group will hold an open meeting Sept. 10. During this meeting, industry representatives will walk through key concepts and options (e.g., amortized cost versus a fair value measurement model) of a proposed ALM derivative standard. (Ref #2024-15)
  - iii. Received a referral from Life Risk-Based Capital (E) Working Group regarding comments received from the ACLI on AVR equity reporting lines for common stock in subsidiary, controlled, and affiliated (SCAs) and other affiliates and requested clarifications to the AVR instructions.
  - iv. Received the Life Actuarial (A) Task Force coordination memorandum, noting that two agenda items were identified as requiring coordination with the Working Group.
  - v. U.S. GAAP exposures, noting that no items are currently exposed by the Financial Accounting Standards Board (FASB).
  - vi. International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group activities. One item of interest is the project for insurance capital standard (ICS) implementation and potential revisions to Insurance Core Principle (ICP) 9 (Supervisory Review and Reporting) and ICP 20 (Public Disclosure). Currently, the proposed revisions are not viewed as compatible with the U.S. aggregation method (AM).



4. Adopted the report of Blanks (E) Working Group, which met Aug. 6, 2025. During this meeting, the Working Group took the following action:
  - A. Adopted its May 29 minutes, which included the following action:
    - i. Adopted its March 6 minutes, which included the following action:
      - a. Adopted its Dec. 2, 2024, and Nov. 6, 2024, minutes.
      - b. Adopted nine proposals.
      - c. Exposed six new proposals and re-exposed one proposal.
      - d. Received two Statutory Accounting Principles (E) Working Group memorandums regarding inactive Lloyd's syndicates and the year-end 2024 impacts to the annual statement notes to the financial statement.
      - e. Adopted its editorial listing.
    - ii. Adopted 16 proposals:
      - a. 2024-19BWG Modified – Update Schedule BA line categories and instructions for the expansion of collateral loans. Add two electronic-only columns to Schedule BA, Part 1, for reporting the fair value of collateral backing and the percentage of the collateral. Update the AVR instructions and blank for the added collateral loan lines.
      - b. 2025-01BWG Modified – Update the Note to Financial Statements, Note 8—Derivatives, to include adopted revisions to *SSAP No. 86—Derivatives*. Also, update Note 11—Debt for the adopted revisions to *SSAP No. 15—Debt and Holding Company Obligations*.
      - c. 2025-02BWG – Update the Note to Financial Statements, Note 9 on Income Taxes, to include adopted revisions to *SSAP No. 101—Income Taxes*.
      - d. 2025-03BWG Modified – Modify the life insurance (state page) to include accident and health data for direct premium earned and direct losses incurred.
      - e. 2025-04BWG Modified – Add a new part to the Note to Financial Statements, Note 28—Health Care Receivables, to include Medicare Part D prescription payment plans.
      - f. 2025-05BWG Modified – Add a new part to Schedule S to report reinsurance agreements with funds withholding and modified coinsurance (modco).
      - g. 2025-06BWG – Update Note 5L—Restricted Assets Instructions and Illustrations to make the changes for clarification on what should be reflected within the restricted asset note.
      - h. 2025-07BWG – Update Schedule P with editorial revisions exposed at the Casualty Actuarial and Statistical (C) Task Force.
      - i. 2025-08BWG – Remove Life/Fraternal General Interrogatory No. 14 that reports total dividends paid to stockholders and renumber the remaining general interrogatories.
      - j. 2025-09BWG – Update the Life/Fraternal Note to Financial No. 35 for separate account transfers. Also, add a general interrogatory to the separate account blank for transfers, repurchase agreements, and reverse repurchase transactions.
      - k. 2025-10BWG Modified – Update Note 5L to identify assets held under funds withholding agreements (including modco) that are affiliated with the reinsurer. Also, update the list of required quarterly disclosures to include Note 5L—Restricted Assets. With this change, this disclosure will be required in all interim and annual financial statements.



- l. 2025-11BWG – Remove the capital structure code reporting column on Schedule D, Part 1, Sections 1 and 2.
- m. 2025-12BWG – Remove Line 8 – Unrated Multi-Class Securities Acquired by Conversion from AVR: Default Component – Basic Contribution. Relabel the line with “intentionally left blank” to prevent renumbering all lines in the AVR schedule and to be used in the future if there are other AVR updates.
- n. 2025-13BWG – Update Notes to Financial Statements, Note 13K, with disclosure updates to *SSAP No. 41—Surplus Notes*.
- o. 2025-14BWG – Add instructions to include Medicare Part D Prescription Payment Plan information to the health care and other amounts receivable line on the asset page, Supplemental Health Care Exhibit, Exhibit 3 – Health Care Receivables, and Exhibit 3A – Analysis of Health Care Receivables.
- p. 2025-15BWG Modified – Update Note 8 – Derivatives in the Notes to Financial Statements and Schedule DB to clarify the terminology used for derivative financing premium.
- iii. Re-exposed one modified proposal:
  - a. 2024-19BWG Modified—Update Schedule BA line categories and instructions for the expansion of collateral loans. Add two electronic-only columns to Schedule BA, Part 1, for reporting the fair value of collateral backing and the percentage of the collateral. Update the AVR instructions and blank for the added collateral loan lines.
- iv. Exposed one new proposal for a 45-day public comment period that ended July 14.
- v. Adopted its editorial listing.
- B. Adopted one proposal:
  - i. 2025-16BWG – Update Health Annual Statement Instructions for the Prescribed Language for Statement of Actuarial Opinion, Section 4 (Identification Section) for consistency in reporting. Also, update the Statement of Actuarial Opinion, Section 7 (Opinion Section), Item C, to be consistent with the Life Annual Statement Instructions and VM-30.
- C. Adopted its editorial listing.