



2025 SUMMER NATIONAL MEETING MINNEAPOLIS, MN

Draft date: 7/24/25

*2025 Summer National Meeting
Minneapolis, Minnesota*

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

Tuesday, August 12, 2025

11:00 – 11:30 a.m.

Hilton Minneapolis—Grand Ballroom D—Level 3

ROLL CALL

NAIC Member

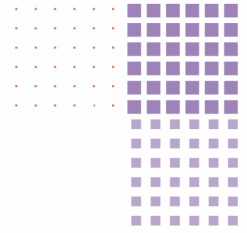
Cassie Brown, Chair
Angela L. Nelson, Vice Chair
Mark Fowler
Heather Carpenter
Ricardo Lara
Andrew N. Mais
Trinidad Navarro
Karima M. Woods
Michael Yaworsky
Dean L. Cameron
Holly W. Lambert
Doug Ommen
Vicki Schmidt
Sharon P. Clark
Robert L. Carey
Michael T. Caljouw
Anita G. Fox
Grace Arnold
Mike Chaney
Remedio C. Mafnas
Eric Dunning
Ned Gaines
Justin Zimmerman
Adrienne A. Harris
Mike Causey
Jon Godfread
Judith L. French
Glen Mulready

Representative

Jamie Walker, Chair
Shannon Schmoeger, Vice Chair
Richard Russell/Sheila Travis
David Phifer
Kim Hudson
William Arfanis
Nicole Brittingham
N. Kevin Brown
Carolyn Morgan
Eric Fletcher
Roy Eft
Kim Cross
Tish Becker
Mark Griggs
Vanessa Sullivan
Jim McCarthy
Kristin Hynes
Kathleen Orth
Chad Bridges
Remedio C. Mafnas
Tadd Wegner
Hermoliva Abejar
Justin Zimmerman
Bob Kasinow
Jacqueline Obusek
Matt Fischer
Dale Bruggeman
Ryan Rowe

State/Territory

Texas
Missouri
Alabama
Alaska
California
Connecticut
Delaware
District of Columbia
Florida
Idaho
Indiana
Iowa
Kansas
Kentucky
Maine
Massachusetts
Michigan
Minnesota
Mississippi
N. Mariana Islands
Nebraska
Nevada
New Jersey
New York
North Carolina
North Dakota
Ohio
Oklahoma



NAIC Member	Representative	State/Territory
TK Keen	Paul Throckmorton	Oregon
Michael Humphreys	Diana Sherman	Pennsylvania
Elizabeth Kelleher Dwyer	John Tudino	Rhode Island
Michael Wise	Ryan Basnett	South Carolina
Larry D. Deiter	Johanna Nickelson	South Dakota
Carter Lawrence	Trey Hancock	Tennessee
Jon Pike	Jake Garn	Utah
Kaj Samsom	Dan Petterson	Vermont
Scott A. White	Doug Stolte	Virginia
Patty Kuderer	Steve Drutz	Washington
Nathan Houdek	Amy Malm	Wisconsin

NAIC Support Staff: Robin Marcotte

AGENDA

1. Consider Adoption of its Spring National Meeting Minutes
—*Jamie Walker (TX)* Attachment One
2. Consider Adoption of its 2026 Proposed Charges—*Jamie Walker (TX)* Attachment Two
3. Consider Adoption of the Reports of its Working Groups
 - A. Statutory Accounting Principles (E) Working Group—*Dale Bruggeman (OH)* Attachment Three
 - B. Blanks (E) Working Group—*Roy Eft (IN)* Attachment Four
4. Discuss Any Other Matters Brought Before the Task Force—*Jamie Walker (TX)*
5. Adjournment

Draft Pending Adoption

Attachment One

Draft: 3/31/25

Accounting Practices and Procedures (E) Task Force
Indianapolis, Indiana
March 25, 2025

The Accounting Practices and Procedures (E) Task Force met in Indianapolis, IN, March 25, 2025. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Angela L. Nelson, Vice Chair, represented by Shannon Schmoeger (MO); Lori K. Wing-Heier represented by David Phifer (AK); Ricardo Lara represented by Kim Hudson (CA); Andrew N. Mais represented by William Arfanis (CT); Karima M. Woods represented by N. Kevin Brown (DC); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Carolyn Morgan (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 Jeff Gaither (KY); Michael T. Caljouw represented by Jim McCarthy (MA); Robert L. Carey represented by Vanessa Sullivan (ME); Anita G. Fox represented by Kristin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Mike Chaney represented by Chad Bridges (MS); Mike Causey represented by Jacqueline Obusek (NC); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Tadd Wegner (NE); Justin Zimmerman represented by David Wolf (NJ); Scott Kipper represented by Steve Ross (NV); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Ryan Rowe (OK); Andrew R. Stolfi represented by Kirsten Anderson (OR); Michael Humphreys represented by Diana Sherman (PA); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise represented by Ryan Basnett (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Scott A. White represented by Doug Stolte and Jennifer Blizzard (VA); Sandy Bigglestone represented by Dan P56etterson and Karen Ducharme (VT); Patty Kuderer represented by Steve Drutz (WA); and Nathan Houdek represented by Amy Malm (WI). Also participating was Roy Eft (IN).

1. Adopted its 2024 Fall National Meeting Minutes

Drutz made a motion, seconded by Obusek, to adopt the Task Force's Nov. 18, 2024, minutes (*see NAIC Proceedings Fall 2024, Accounting Practices and Procedures (E) Task Force*). The motion passed unanimously.

2. 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 March 24 (Attachment One). During this meeting, the Working Group took the following action:

- A. Adopted its 2024 Fall National Meeting minutes.
- B. Adopted its Dec. 17, 2024, minutes. During this meeting, the Working Group took the following action:
 - i. Adopted revisions to *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* to clarify disclosure reporting by category and subcategory as reported in Schedule D, Part 1, Section 1 (Issuer Credit Obligations) and Section 2 (Asset-Backed Securities). (Ref #2024-26EP)
 - ii. Exposed the following statutory accounting principle (SAP) clarifications to statutory accounting guidance for a public comment period that ended Jan. 31, 2025:
 - a. Revisions to *SSAP No. 41—Surplus Notes* to clarify capital notes references and guidance. A corresponding blanks proposal is concurrently exposed. (Ref #2024-28)

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Attachment One

- b. Revisions to *SSAP No. 56: Book Value Separate Accounts* to detail the measurement method and process to transfer assets. Revisions from prior exposure are limited to paragraph 18b and paragraph 22. (Ref #2024-10)
 - c. Revisions to the annual statement instructions to clarify that held debt securities that are sold to a special purpose vehicle (SPV) and then reacquired reflecting additional (derivative or other) components shall be reported as a disposal and reacquisition in the investment schedules. (Ref #2024-16)
 - d. Revisions to the preamble of the *Accounting Practices and Procedures Manual* (AP&P Manual) to classify issue papers in Level 5 of the statutory hierarchy. (Ref #2024-27)
- iii. Deferred the following SAP concepts and clarifications to statutory accounting guidance for further consideration at a future interim or national meeting:
- a. Proposed revisions to *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance* with direction to schedule a joint call with the Life Actuarial (A) Task Force for discussion. (Ref #2024-06)
 - b. Proposed new SAP concept for asset liability management (ALM) derivatives, with direction to continue discussions at the 2025 Spring National Meeting. (Ref #2024-15)
 - c. Proposed revisions to *Appendix 791 (A-791), Life and Health Reinsurance Agreements*, with direction to schedule a joint call with the Life Actuarial (A) Task Force for discussion. (Ref #2024-05)
- C. Adopted its Feb. 25, 2025, minutes. During this meeting, the Working Group took the following action:
- i. Adopted the following clarifications to statutory accounting guidance:
 - a. Revisions to *SSAP No. 16—Electronic Data Processing Equipment and Software* to clarify references to the U.S. generally accepted accounting principles (GAAP) Accounting Standards Codification (ASC). (Ref #2024-25)
 - b. Revisions to *SSAP No. 56—Separate Accounts* to clarify measurement method and prescribe guidance for transfers to/from the general and separate account. (Ref #2024-10)
 - c. Revisions to *SSAP No. 41* to clarify capital notes references and guidance. (Ref #2024-28)
 - d. Revisions to *SSAP No. 86—Derivatives* to clarify terms used for derivative financing premium and to recommend revisions to the annual statement instructions. The exposed revisions to clarify the calculation of realized losses in relation to derivative premium costs were moved to agenda item #2024-15: ALM Derivatives. (Ref #2024-23)
 - e. Revisions to *SSAP No. 104—Share-Based Payments* to adopt with modification *Accounting Standards Update (ASU) 2024-01, Scope Application of Profits Interest and Similar Awards*. (Ref #2024-22)
 - f. Revisions to the preamble of the AP&P Manual to classify issue papers as Level 5 in the statutory hierarchy. (Ref #2024-27)

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Attachment One

- g. Adopted *Issue Paper No. 170—Tax Credits Project* to document the historical discussions in the development of *SSAP No. 93—Investments in Tax Credit Structures* and *SSAP No. 94—State and Federal Tax Credits*. (Ref #2022-14)
- h. Recommended revisions to annual statement instructions to clarify that held debt securities, which are sold to an SPV and then reacquired reflecting the addition of derivative or other components, shall be reported as a disposal and reacquisition in the investment schedules. (Ref #2024-16)
- ii. Exposed revisions to tentative *Interpretation (INT) 24-02: Medicare Part D Prescription Payment Plan* to provide guidance for the Medicare Part D program prescription payment plan and edits to *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage*. (Ref #2024-24)

Bruggeman stated that the Working Group on March 24, adopted the following clarifications to statutory accounting guidance:

- A. *SSAP No. 1—Accounting Policies, Risks & Uncertainties and Other Disclosures*: Adopted revisions to require restricted asset disclosure for modified coinsurance (modco) and funds withheld assets reported within a ceding company's financial statements. Recommended note illustrations and general interrogatory revisions to improve the restricted asset disclosure. (Ref #2024-20)
- B. *INT 24-02: Medicare Part D Prescription Payment Plans* and *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage*: Adopted INT 24-02 and edits to INT 05-05 to provide accounting and reporting for the Medicare Part D prescription payment plan. (Ref #2024-24)
- C. *Annual Statement Blanks*: Adopted reporting recommendations to provide granular reporting lines on Schedule BA: Other Invested Assets for Collateral Loans. A corresponding blanks proposal is concurrently exposed. (Ref #2023-28)

Bruggeman stated that the Working Group exposed the following SAP concepts and clarifications to statutory accounting guidance for a public comment period ending June 6, except for agenda items 2024-07, 2025-04, 2025-05, 2025-06, 2025-07, and 2025-08, which are exposed for a public comment period ending May 2:

- A. *SSAP No. 1 and Annual Statement Blanks*: Exposed revisions expand the restricted asset reporting to capture information on modco and funds withheld assets that are related to the reinsurer and to require the disclosure in all quarterly and annual financial statements. Received related referral from the Financial Analysis (E) Working Group. (Ref #2025-05)
- B. *SSAP No. 7—Asset Valuation and Interest Maintenance Reserve*: Exposed proposed guidance to define interest maintenance reserve (IMR). (Ref #2025-03)
- C. *SSAP No. 7*: Exposed a memorandum that recommends removing hypothetical IMR. (Ref #2023-14)
- D. *SSAP No. 15—Debt and Holding Company Obligations*: Exposed revisions to adopt with modification *ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20), Induced Conversions of Convertible Debt Instruments*, for statutory accounting. (Ref #2025-02)

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- E. *SSAP No. 22—Leases*: Exposed revisions to clarify that sale leasebacks with restrictions on access to the cash proceeds do not qualify for sale leaseback accounting and shall be accounted for by the seller using the financing method. (Ref #2025-01)
- F. *SSAP No. 51—Life Contracts*: Exposed consistency revisions to reflect new VM-22, Statutory Maximum Valuation Rates for Income Annuities, principle-based reserve (PBR) requirements. (Ref #2025-09)
- G. *SSAP No. 84—Health Care and Government Insured Plan Receivables*: Exposed revisions add disclosures on the Medicare Part D prescription payment plan amounts. (Ref #2025-08)
- H. *Preamble*: Exposed revisions clarify the treatment of issue papers in Level 5 of the statutory hierarchy and update the reference to U.S. Securities and Exchange Commission (SEC) rules and interpretations as authoritative U.S. GAAP for SEC registrants. (Ref #2025-12EP)
- I. *Annual Statement Blanks*:
 - i. Exposed revisions to the life/fraternal annual statement blank remove a general interrogatory on dividends received. (Ref #2025-07)
 - ii. Exposed revisions to the life/fraternal annual statement blank remove reporting line 8, “Unrated Multi-Class Securities Acquired by Conversion,” from the asset valuation reserve (AVR). (Ref #2025-06)
 - iii. Exposed revisions remove the “capital structure code” reporting column in Schedule D-1-1: Long-Term Bonds – Issuer Credit Obligations (D-1-1) and Schedule D-1-2: Asset-Backed Securities (D-1-2). (Ref #2025-04)
 - iv. Exposed revisions to capture information on modco/funds withheld assets remove the initially proposed Schedule F, Part 7 from the proposal and add a Part 8 to Schedule S for the life/fraternal instructions and blank. The Schedule S draft includes aggregated data and is consistent with AVR reporting. (Ref #2024-07)
- J. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. GAAP standards were exposed for rejection as they are not applicable to statutory accounting:
 - i. *ASU 2023-07, Improvements to Reportable Segment Disclosures*. (Ref #2025-10)
 - ii. *ASU 2024-03, Disaggregation of Income Statement Expenses* and *ASU 2025-01, Clarifying the Effective Date of ASU 2024-03*. (Ref #2025-11)

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

- A. *SSAP No. 86*: Directed research and possible guidance for certain non-accounting effective derivatives to defer realized gains and losses. (Ref #2024-15)
- B. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Deferred concept agenda item for investment subsidiaries to allow for consideration of Delaware Statutory Trusts (DSTs) holding residential mortgage loans. (Ref #2024-21)

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Attachment One

- C. *SSAP No. 103—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*: Directed development of revisions to clarify guidance for securities lending, repurchase, and reverse repurchase agreements. (Ref #2024-04)

Bruggeman stated that the Working Group received updates on the following:

- A. IMR Ad Hoc Group activities, noting that its discussions have focused on IMR from reinsurance transactions, reinvestment for sold fixed-income instruments where realized gains/losses are taken to IMR, and guidance on excess withdrawals.
- B. Received a referral from Life Risk-Based Capital (E) Working Group requesting comments on a proposal from the American Council of Life Insurers (ACLI) seeking to clarify the LR010 instruction that certain Securities Valuation Office (SVO)designated non-bond debt securities can obtain asset concentration factor treatment akin to bonds in LR002 (Proposal 2025-05-L).
- C. Notice of a joint meeting with the Life Actuarial (A) Task Force scheduled for April 10.
- D. Notice of a Working Group meeting scheduled for May 22.
- E. Notice of an electronic version of the AP&P Manual.
- F. U.S. GAAP exposures, noting that items will be addressed during the normal maintenance process.
- G. International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group activities, including notice of the application paper on climate risk.

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.

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

Eft provided the report of the Blanks (E) Working Group, which met March 6. During this meeting, the Working Group adopted its Dec. 2, 2024, and Nov. 6, 2024, minutes, which included the following action:

- A. Adopted its Aug. 7, 2024, minutes.
- B. Exposed eight new proposals.
- C. Received a Statutory Accounting Principles (E) Working Group memorandum regarding debt securities issued by funds representing operating entities.
- D. Adopted its editorial listing.

Eft stated that during its March 6 meeting, the Working Group adopted the following nine proposals:

- A. 2024-13BWG Modified – Update annual investment schedules for bond project editorial items.
- B. 2024-14BWG Modified – Update the 2025 annual (2026 quarterly) investment schedules line category for “Bonds Issued by Funds Representing Operating Entities.”

Draft Pending Adoption

Attachment One

- C. 2024-15BWG – Remove the Affordable Care Act (ACA) disclosure on the transitional reinsurance program and the risk corridors program from the Supplemental Health Care Exhibit (SHCE).
- D. 2024-16BWG – Remove the quarterly investment interrogatory line 13 for reporting mortgages and real estate in short-term investments. Re-number all lines below the line being removed.
- E. 2024-17BWG – Add a pet insurance line to the Market Conduct Annual Statement (MCAS) premium exhibit.
- F. 2024-18BWG – Add a footnote to SHCE, Part 2, to report the amount of premium deficiency reserves included in the lines of Part 2.
- G. 2024-20BWG Modified – Add an electronic-only company contact information field to the annual and quarterly Jurat page for the assessment contact.
- H. 2024-21BWG – Update Schedule D, Parts 4 and 5, to add clarifying instructions on what should be included in the investment schedule.
- I. 2024-22BWG – Update Schedule BA definitions for surplus debentures and capital notes to add clarification on what should be reported in these categories.

Eft stated that the Working Group re-exposed 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 asset valuation reserve (AVR) instructions and blank for the added collateral loan lines.

Eft stated that the Working Group exposed six new proposals for a public comment period ending April 29. He noted that the Working Group also recently exposed interim items for a public comment period ending April 29.

Eft stated that the Working Group received two Statutory Accounting Principles (E) Working Group memorandums.

A. Inactive Lloyd's Syndicates

B. Year-End 2024 Impacts to the Annual Statement Notes and Instructions

Eft stated that the Working Group adopted its editorial listing.

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

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

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Adopted by the Executive (EX) Committee and Plenary, Pending, 2025

Adopted by the Financial Condition (E) Committee, Pending, 2025

Adopted by the Accounting Practices and Procedures (E) Task Force, Pending, 2025

2026 Proposed Charges

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate, and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
 - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
 - A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
 - i. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers.
 - ii. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
 - iii. Conform the various NAIC blanks and instructions to adopted NAIC policy.
 - iv. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
 - B. Continue to monitor state filing checklists to maintain current filing requirements.
 - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
 - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
 - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these taskforces.
 - F. Coordinate with the applicable task forces and working groups as needed to avoid duplication of reporting within the annual and quarterly statement blanks.
 - G. Consider proposals presented that would address duplication in reporting, eliminate data elements, financial schedules and disclosures that are no longer needed, and coordinate with other NAIC task forces and working groups if applicable, to ensure revised reporting still meets the needs of regulators.
 - H. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Capital Adequacy (E) Task Force and its working groups.
 - I. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE
(Continued)

3. The **Statutory Accounting Principles (E) Working Group** will:
 - A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new U.S. generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
 - B. At the discretion of the Working Group chair, develop comments on exposed U.S. GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
 - C. Coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
 - D. Obtain, analyze, and review information on permitted practices, prescribed practices, or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.

NAIC Support Staff: Robin Marcotte

Attachment Three
(Pending)

Report of the
Statutory Accounting Principles
(E) Working Group

Attachment Four
(Pending)

Report of the
Blanks (E) Working Group