



## 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**

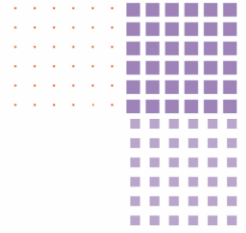
Cassie Brown, Chair  
Angela L. Nelson, Vice Chair  
Mark Fowler  
Heather Carpenter  
Ricardo Lara  
Andrew N. Mais  
Trinidad Navarro  
Karima M. Woods  
Michael Yaworsky  
Dean L. Cameron  
Holly W. Lambert  
Doug Ommen  
Vicki Schmidt  
Sharon P. Clark  
Robert L. Carey  
Michael T. Caljouw  
Anita 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  
Overview of Ref# 2024-06: Risk Transfer Analysis of Combination Attachment Three-A  
Reinsurance Contracts
  - 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)

## Draft Pending Adoption

### 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)

## Draft Pending Adoption

### 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)

## Draft Pending Adoption

### Attachment One

- 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)

## Draft Pending Adoption

### 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.

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2025spring/minutes and summary/apptf 3-25-25 minutes tpr.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/e%20cmte/apptf/2025spring/minutes%20and%20summary/apptf%203-25-25%20minutes%20tpr.docx)



*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

2025 Summer National Meeting  
Minneapolis, Minnesota

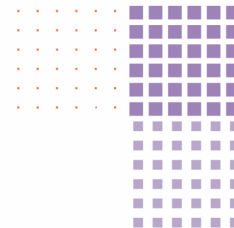
## STATUTORY ACCOUNTING PRINCIPLES (E) WORKING GROUP

Monday, August 11, 2025  
8:30 – 10:30 a.m.

### Meeting Summary Report

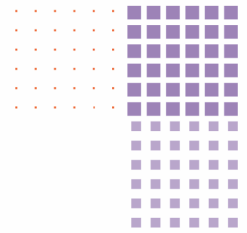
The Statutory Accounting Principles (E) Working Group met Aug. 11, 2025. During this meeting, the Working Group:

1. Adopted the following clarifications to statutory accounting guidance:
  - A. *Statement of Statutory Accounting Principle (SSAP) No. 26—Bonds, SSAP No. 41—Surplus Notes, SSAP No. 56—Separate Accounts, and Interpretation (INT) 22-01: Freddie Mac When Issued K-Deal (WI Trust) Certificates*: Adopted various editorial revisions, including updates to disclosures, removing a remaining credit rating provider (CRP) designation, and removing superseded terminology. (Ref #2025-17EP)
  - B. *SSAP No. 15—Debt and Holding Company Obligations*: Adopted *Accounting Standards Update (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)
  - C. *SSAP No. 51—Life Contracts*: Adopted revisions to reflect different reserving methodologies in VM-22, Statutory Maximum Valuation Interest Rates for Income Annuities, principle-based reserve (PBR) requirements. (Ref #2025-09)
  - D. *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance and Appendix A-791, Life and Health Reinsurance Agreements*: Adopted revisions 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. (Ref #2024-06)
  - E. *INT 23-01: Net Negative (Disallowed) IMR*: Adopted revisions to extend the effective date of the INT to Dec. 31, 2026, and add additional requirements and clarifications to the guidance in the INT. (Ref #2022-19)
  - F. *Appendix A-791*: Adopted revisions to delete a sentence in A-791, paragraph 2c question and answer. (Ref #2024-05)
  - G. *Accounting Practices and Procedures Manual (AP&P Manual)*: Adopted revisions to the 2026 AP&P Manual to streamline the status section of each SSAP. The status section would 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)

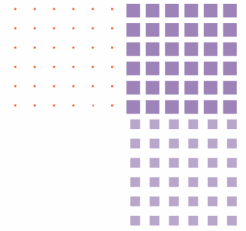


## Attachment Three

- H. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting principles (GAAP) standards were adopted 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)
  - iii. *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)
  - iv. *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*. (Ref #2025-15)
2. 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:
- A. *SSAP No. 22—Leases*: Exposed expanded revisions to clarify that sale-leasebacks with restrictions on access to the cash received from the sale do not qualify for sale-leaseback accounting and must be accounted for by the seller using the financing method. (Ref #2025-01)
  - B. *SSAP No. 26, SSAP No. 21—Other Admitted Assets, SSAP No. 43—Asset-Backed Securities, and Annual Statement Blanks*: Exposed revisions 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 and/or remove references that imply quarterly reporting when the disclosure is annually audited only. (Ref #2025-20)
  - C. *SSAP No. 37—Mortgage Loans*: Exposed revisions to the draft guidance allowing residential mortgage loans in trust to reflect several recommended changes per discussions with industry. (Ref #2025-13)
  - D. *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*: 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)
  - E. *SSAP No. 101—Income Taxes*: Exposed revisions to adopt, with modification, certain revisions from *ASU 2019-12 Simplifying the Accounting for Income Taxes*. Exposure also recommends fully incorporating U.S. GAAP guidance previously incorporated by reference. (Ref #2025-18)
  - F. *Annual Statement Blanks*:
    - i. Exposed revisions to incorporate a new disclosure 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 type). (Ref #2025-19)
    - ii. Exposed revisions to eliminate the investment subsidiary concept from the instructions. (Ref #2024-21)



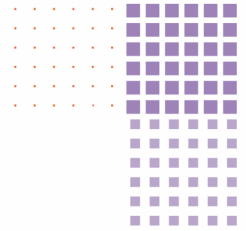
3. Directed NAIC staff on the following items:
  - A. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: Directed NAIC staff to proceed with using the exposed interest maintenance reserve (IMR) definition, with the minor modifications noted during the meeting, and the intent to eliminate hypothetical IMR in the forthcoming issue paper, and subsequent revisions to SSAP No. 7, 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)
4. Received updates on the following:
  - A. IMR Ad Hoc Group activities, noting that its discussions have focused on IMR from reinsurance transactions and proof of reinvestment.
  - B. 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)
  - C. Received a referral from Life Risk-Based Capital (E) Working Group regarding comments received from the American Council of Life Insurers (ACLI) on AVR equity reporting lines for common stock in SCAs and other affiliates and requested clarifications to the AVR instructions. In simple summary, AVR lines 15 and 16 reflect SCA Common Stock – Certain Other Subsidiaries and SCA Common Stock – Other, respectively, and the intent is to get clarification in determining what is “Certain Other” and what shall be classified as “Other.”
  - D. Received the Life Actuarial (A) Task Force coordination memorandum, noting that two agenda items were identified as requiring coordination with the Statutory Accounting Principles (E) Working Group.
  - E. U.S. GAAP exposures, noting that no items are currently exposed by the Financial Accounting Standards Board (FASB), and future items will be addressed during the normal maintenance process.
  - F. 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).
5. Adopted its Spring National Meeting minutes.
6. Adopted its April 10 minutes. During this meeting, the Working Group did not take any action and held discussions on agenda Items 2024-05 and 2024-06, which included a presentation from the ACLI on statutory risk transfer considerations and a presentation by a regulator representing the Life



Attachment Three

Actuarial (A) Task Force on combined coinsurance funds withheld yearly renewable term (YRT) agreements.

7. Adopted its May 22 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted the following clarifications to statutory accounting guidance:
    - i. Revisions to *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)
    - ii. 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)
    - iii. Revisions to the annual statement blanks:
      - a. 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)
      - b. Delete Line 8 from the AVR schedule, formerly identified as "Unrated Multi-Class Securities Acquired by Conversion" and categorized under bonds in the AVR. (Ref #2025-06)
      - c. 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)
      - d. 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)
    - iv. Adopted *Issue Paper No. 171—Current Expected Credit Losses (CECL)* to preserve the pre-CECL U.S. GAAP impairment and other-than-temporary impairment guidance for historical reference. (Ref #2023-24)
  - B. Exposed the following clarifications to statutory accounting guidance:
    - i. 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 and allow for reporting of residential mortgage loans held in qualifying trusts on Schedule B – Mortgage Loans. (Ref #2025-13)
    - ii. 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)
    - iii. Various editorial revisions to three SSAPs and one interpretation, which include updates to disclosures, removing a remaining CRP designation, and removing superseded terminology. (Ref #2025-17EP)
    - iv. Appendix D—Nonapplicable GAAP Pronouncements: The following U.S. GAAP standards were exposed for rejection as they are not applicable to statutory accounting:



Attachment Three

- a. *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)
  - b. *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122.* (Ref #2025-15)
- 8. Adopted its June 2 minutes. During this meeting, the Working Group took the following action:
  - A. Exposed agenda items 2024-05 and 2024-06 for a 43-day public comment period ending July 14.
- 9. Adopted its June 5 minutes. During this meeting, the Working Group took the following action:
  - A. Exposed edits to *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 requirements.

**Statutory Accounting Principles (E) Working Group**  
**Ref #2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts**

**Background/History** - The agenda item was created in response to a December 2023 referral from the Valuation Analysis (E) Working Group (VAWG), which identified concerns regarding risk transfer analysis of reinsurance contracts with interdependent features which had been analyzed for risk transfer separately instead of in the aggregate. VAWG also raised questions about the classification of reinsurance contracts and the possible overstatement of reinsurance credit.

The example noted in the VAWG referral involved reinsurance transactions that combined both coinsurance and yearly renewable term (YRT), with interdependent features including an **aggregate experience refund** and recapture provisions that only permitted recapture by the cedant **if both components are recaptured simultaneously**. VAWG observed that certain insurers have evaluated these components under *Appendix A-791, Life and Health Reinsurance Agreements*: as if they were **separate agreements**, concluding that the requirements for risk transfer are met for each type of reinsurance. VAWG regulators observe that **some companies seem to be reporting an overstated reserve credit due to a bifurcated risk transfer analysis**.

**Discussions** – Since the March 2024 exposure, the SAPWG and has been consistent in its guidance that interdependent contract features must be analyzed in aggregate. As the existing guidance does not allow part of a contract to be excluded when determining risk transfer analysis, this is viewed by the Working Group as a **clarification of existing guidance**. On April 10, 2025, the Working Group and the Life Actuarial (A) Task Force (LATF) held a joint meeting where presentations from the American Council of Life Insurers (ACLI) on statutory risk transfer considerations and from the LATF chair on combined coinsurance funds withheld YRT agreements. The June 2025 exposed revisions reflect industry discussions. Updates have been shared with VAWG, LATF, and the Reinsurance (E) Task Force as relevant.

**Working Group Summer National Meeting Actions - (Detailed wording in Exhibit )**. At the Summer meeting the Working Group unanimously adopted revisions to address 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.

- **SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance**: Adopted revisions were supported by the ACLI with an editorial suggestion of a paragraph break, which was incorporated.
- **Appendix A-791, Life and Health Reinsurance Agreements question and answer (QA)**: Adopted revisions to clarify risk transfer on combination reinsurance contracts with interdependent contract features. **The proposed ACLI revisions which narrow the scope of the proposed guidance to focus more on YRT or YRT premiums were not adopted. (See Excerpted ACLI comments following pages)**
- **Effective date** - The Working Group chose year-end 2026 to allow companies that may have existing contracts adequate time to allow for industry and regulator assessment.

The ACLI written comments requested grandfathering, and verbal comments requested grandfathering all contracts in effect prior to January 1, 2024. **The Working Group did not support grandfathering of existing contracts due to concerns of market inconsistency and creating conflicts with current guidance or recent state actions**. The original VAWG referral raised concerns about the misapplication of current guidance to existing contracts. Working Group members and LATF members noted that some states have already provided direction on the existing guidance. One regulator noted financial impacts range from immaterial to material. The discussion noted with a year end 2026 effective date, that companies have time to approach states on different methods of handling problematic contracts such as amending, recapturing, establishing liabilities or seeking a permitted accounting practice.



**Statutory Accounting Principles (E) Working Group****Agenda item 2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts****Exhibit of Adopted Revisions**

➤ SSAP No. 61—*Life, Deposit-Type and Accident and Health Reinsurance* the adopted revisions:

**Transfer of Risk**

17. Reinsurance agreements must transfer risk from the ceding entity to the reinsurer in order to receive the reinsurance accounting treatment discussed in this statement.

a. If the terms of the agreement violate the risk transfer criteria contained herein, (i.e., limits or diminishes the transfer of risk by the ceding entity to the reinsurer), the agreement shall follow the guidance for Deposit Accounting. In addition, any contractual feature that delays timely reimbursement violates the conditions of reinsurance accounting.

a.b. For purposes of evaluating whether a reinsurance agreement/contract (for this paragraph “contract”) transfers risk under statutory accounting, the determination of what constitutes a contract is essentially a question of substance. It may be difficult in some circumstances to determine the boundaries of a contract. Multiple contracts, whether on one or multiple blocks of policies, must be evaluated together for risk transfer purposes where considerations to be exchanged under one contract depend on the performance of the other contract(s) whether they are entered into together, or separately, directly or indirectly, that achieve one overall planned effect.

b.c. For contracts that contemplate reinsurance on both a YRT and coinsurance basis, where there are interdependent features such as a combined experience refund or an inability to independently recapture, each of the YRT and coinsurance reinsurance components satisfying risk transfer requirements on their respective bases is necessary but not sufficient for the contract as a whole to satisfy risk transfer. When evaluated in its entirety, such contract(s) cannot 1) potentially deprive the ceding insurer of surplus at the reinsurer’s option or automatically upon the occurrence of some event; 2) potentially require payments to the reinsurer for amounts other than the income realized from the reinsured policies, nor; 3) contain any of the other conditions prohibited by Appendix A-791 related to risk transfer.

18. This paragraph applies to all life, deposit-type and accident and health reinsurance agreements except for yearly renewable term reinsurance agreements and non-proportional reinsurance agreements such as stop loss and catastrophe reinsurance. All reinsurance agreements covering products that transfer significant risk shall follow the guidance for reinsurance accounting contained in this statement. All reinsurance contracts covering products that do not provide for sufficient transfer of risk shall follow the guidance for Deposit Accounting.

19. Yearly renewable term (YRT) reinsurance agreements that transfer a proportionate share of mortality or morbidity risk inherent in the business being reinsured and do not contain any of the conditions described in Appendix A-791, paragraphs 2.b., 2.c., 2.d., 2.h., 2.i., 2.j. or 2.k., shall follow the guidance for reinsurance accounting, including paragraphs 55-57 of this statement that apply to indemnity reinsurance. Contracts that fail to meet the requirements for reinsurance accounting shall follow the guidance for Deposit Accounting. For all treaties entered into on or after January 1, 2003, the deferral guidance in paragraph 3 of A-791 shall also apply to YRT agreements. YRT agreements shall follow the requirements of A-791, paragraph 6, regarding the entire agreement and the effective date of agreements. Since YRT agreements only transfer the mortality or morbidity risks to the reinsurer,

## Statutory Accounting Principles (E) Working Group

## Agenda item 2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts

## Exhibit of Adopted Revisions

the recognition of income shall be reflected on a net of tax basis, as gains emerge based on the mortality or morbidity experience. See paragraph 17.b. for additional requirements if a YRT agreement has interdependent contract features with reinsurance on a different basis (such as coinsurance).

94. The disclosure for compliance with Model #787 or AG 48 shall be effective for reporting periods ending on or after December 31, 2015. The revisions adopted in November 2018 to expand liquidity disclosures are effective year-end 2019, concurrent with the inclusion of data-captured financial statement disclosures. The disclosures captured in paragraphs 78-84 which help to identify certain reinsurance contract features are effective for reporting periods ending on or after December 31, 2020. Clarifications of existing guidance adopted in August 2025 regarding risk transfer on interdependent reinsurance agreements in paragraphs 17 and 19 are effective immediately for new/ newly amended contracts, with a December 31, 2026 effective date for other existing contracts.

- Appendix A-791, *Life and Health Reinsurance Agreements* **adopted revisions** to the first Q&A

**Q – Aside from assumption reinsurance, what other types of reinsurance are exempt from the accounting requirements?**

**A – Yearly renewable term (YRT) and certain nonproportional reinsurance arrangements, such as stop loss and catastrophe reinsurance are exempt because these do not normally provide significant surplus relief and therefore are outside the scope of this Appendix. If a catastrophe arrangement takes a reserve credit for actual losses beyond the attachment point or the unearned premium reserve (UPR) of the current year's premium, there will most likely be no regulatory concern.**

**Similarly, if a YRT treaty provides incidental reserve credits for the ceding insurer's net amount at risk for the year with no other allowance to enhance surplus, there will most likely be no regulatory concern. For purposes of this exemption, a treaty labeled as YRT does not meet the intended definition of YRT if the surplus relief in the first year is greater than that provided by a YRT treaty with zero first year reinsurance premium and no additional allowance from the reinsurer.**

For contracts that contemplate reinsurance on both a YRT and coinsurance basis, where there are interdependent features such as a combined experience refund or an inability to independently recapture, risk transfer can only occur if there is no potential for payments out of surplus at the reinsurer's option or automatically upon the occurrence of some event, meaning that in all cases there would be an established liability to absorb any possible payments. The YRT premium simply being at or below the valuation net premium does not ensure that payments from surplus are not possible.

**Additional pertinent information applicable to all YRT treaties and to non-proportional reinsurance arrangements is contained in paragraphs 19 and 20 of SSAP No. 61.**

**Statutory Accounting Principles (E) Working Group****Agenda item 2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts****Excerpts of ACLI July 2025 Comments***American Council of Life Insurers (ACLI) Comments:*

ACLI also values the thoughtful discussions and your consideration of our feedback and recommendations. Throughout this process, we have collectively sought to understand our respective concerns – regulatory concerns with combination reinsurance agreements and ACLI concerns with the SAPWG exposures on this topic – to arrive at a mutual understanding about how combination reinsurance agreements could achieve risk transfer.

The original draft of the SAPWG 2024-06 exposure suggested that all combination reinsurance agreements are non-proportional. Through our dialog, we concluded that, while this would be true for some combination agreements, it would not be true for others. We also concluded that:

1. Each agreement must be evaluated individually with each component (i.e., the coinsurance component and the YRT component) evaluated against its respective requirements under SSAP No. 61, and then
2. Collectively as a contract to ensure no deprivation of ceding insurer surplus could occur (rather than applying a likelihood of loss standard).

In contemplating the evolution of thought noted above, we respectfully recommend that any final guidance be made to apply on a prospective basis only. We note that the proposal for prospective application of any new guidance is not intended to shield in force transactions that are clearly in violation of risk transfer rules (e.g., those having automatic recapture provisions), and we would support language to that effect.

We additionally suggest revisions to the proposed SSAP No. 61 and Appendix, A-791 language as documented in the attached version of the exposure. We note it would be helpful for the historical record to document the evolution of thought which led to the contemplated changes reflected in the exposure. This will help regulators, companies, and auditors better understand the intent behind the proposed changes to SSAP No. 61 and Appendix A-791 should any ambiguity in the interpretation of the new language persist. We have included footnotes in the attached version of the exposure for this purpose.

In summary we request SAPWG adopt any changes to existing guidance prospectively; make the changes to the proposed language to SSAP No. 61 and Appendix A-791; include the proposed footnotes documenting the “historical record”; and re-expose such changes to allow time for stakeholders to evaluate the final proposed revisions to ensure no unintended consequences arise.

**NAIC Staff Note** - *The excerpt below includes exposed A-791 QA revisions with the ACLI proposed revisions shown as shaded text.*

**Q– Aside from assumption reinsurance, what other types of reinsurance are exempt from the accounting requirements?**

A – Yearly renewable term (YRT) and certain nonproportional reinsurance arrangements, such as stop loss and catastrophe reinsurance are exempt because these do not normally provide significant surplus relief and therefore are outside the scope of this Appendix. If a catastrophe arrangement takes a reserve credit for actual losses beyond the attachment point or the

## Statutory Accounting Principles (E) Working Group

## Agenda item 2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts

## Excerpts of ACLI July 2025 Comments

unearned premium reserve (UPR) of the current year's premium, there will most likely be no regulatory concern.

Similarly, if a YRT treaty provides incidental reserve credits for the ceding insurer's net amount at risk for the year with no other allowance to enhance surplus, there will most likely be no regulatory concern. For purposes of this exemption, a treaty labeled as YRT does not meet the intended definition of YRT if the surplus relief in the first year is greater than that provided by a YRT treaty with zero first year reinsurance premium and no additional allowance from the reinsurer.

Combination reinsurance transactions should be assessed for risk transfer purposes, taking into consideration the specific terms of these agreements by evaluating each type of reinsurance against its specific requirements and further evaluating the contract as a whole to ensure there is no potential for deprivation of the ceding insurer's surplus. For contracts that contemplate reinsurance on both a YRT and coinsurance basis, where there are interdependent features such as a combined experience refund or an inability to independently recapture, risk transfer can only occur if there is no potential for payments for the ceding insurer to make YRT premium payments out of surplus at the reinsurer's option or automatically upon the occurrence of some event, meaning that in all cases there would be an established liability or realized income to absorb any possible YRT premium payments. The YRT premium simply being at or below the valuation net premium does may not ensure that payments from surplus are not possible.

Additional pertinent information applicable to all YRT treaties and to non-proportional reinsurance arrangements is contained in paragraphs 19 and 20 of SSAP No. 61.

**NAIC Staff Note - Form A footnotes:** *The ACLI proposed two new footnotes in the body of the form A for the "historical record" which would not change the exposed guidance. The Working Group **did not adopt the proposed footnotes** primarily because of concerns of interpretation and also that footnotes implied some the VAWG referral views had changed.*

## ACLI proposed agenda item footnotes

Page 2

<sup>1</sup>New ACLI proposed footnote: Subsequent discussions have yielded a more nuanced view of this statement such that it is acknowledged that not all combination agreements are nonproportional. Combination reinsurance transactions should be assessed for risk transfer purposes, taking into consideration the specific terms of these agreements by evaluating each type of reinsurance against its specific requirements and further evaluating the contract as a whole to ensure there is no potential for deprivation of the ceding insurer's surplus (rather than applying a likelihood of loss standard).

Page 3

<sup>2</sup> New ACLI proposed footnote: Combination reinsurance transactions should be assessed for risk transfer purposes, taking into consideration the specific terms of these agreements by evaluating each type of reinsurance against its specific requirements and further evaluating the contract as a whole to ensure there is no potential for deprivation of the ceding insurer's surplus.

*Virtual Meeting*

**BLANKS (E) WORKING GROUP**

August 6, 2025

**Summary Report**

The Blanks (E) Working Group met Aug. 6, 2025. During this meeting, the Working Group:

1. Adopted its May 29 minutes, which included the following action:
  - A. Adopted its March 6 minutes, which included the following action:
    - i. Adopted its Dec. 2, 2024, and Nov. 6, 2024, minutes.
    - ii. Adopted nine proposals.
    - iii. Exposed six new proposals and re-exposed one proposal.
    - iv. 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.
    - v. Adopted its editorial listing.
  - B. Adopted 16 proposals:
    - i. 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.
    - ii. 2025-01BWG Modified – Update the Note to Financial Statements, Note 8—Derivatives, to include adopted revisions to *Statement of Statutory Accounting Principles (SSAP) No. 86—Derivatives*. Also, update Note 11—Debt for the adopted revisions to *SSAP No. 15—Debt and Holding Company Obligations*.
    - iii. 2025-02BWG – Update the Note to Financial Statements, Note 9—Income Taxes, to include adopted revisions to *SSAP No. 101—Income Taxes*.
    - iv. 2025-03BWG Modified – Modify the life insurance (state page) to include accident and health data for direct premium earned and direct losses incurred.
    - v. 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.
    - vi. 2025-05BWG Modified – Add a new part to Schedule S to report reinsurance agreements with funds withholding and modified coinsurance (modco).
    - vii. 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.
    - viii. 2025-07BWG – Update Schedule P with editorial revisions exposed at the Casualty Actuarial and Statistical (C) Task Force.
    - ix. 2025-08BWG – Remove Life/Fraternal General Interrogatory No. 14 that reports total dividends paid to stockholders and renumber the remaining general interrogatories.
    - x. 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.

- xi. 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.
- xii. 2025-11BWG – Remove the capital structure code reporting column on Schedule D, Part 1, Sections 1 and 2.
- xiii. 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.
- xiv. 2025-13BWG – Update Notes to Financial Statements, Note 13K, with disclosure updates to *SSAP No. 41—Surplus Notes*.
- xv. 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.
- xvi. 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.
- C. Re-exposed one modified proposal:
  - i. 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.
- D. Exposed one new proposal for a 45-day public comment period ending July 14.
- E. Adopted its editorial listing.
- 2. Adopted one proposal:
  - A. 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.
- 3. Adopted its editorial listing.