



2026 SPRING NATIONAL MEETING  
SAN DIEGO, CA



Date 3/5/2026

2026 Summer National Meeting  
San Diego, CA

**Statutory Accounting Principles (E) Working Group**

Monday, **March 23**, 2026

8:30 AM - 10:30 AM PT

Manchester Grand Hyatt—Grand Hall C—Level 1

**OVERVIEW AGENDA**

**HEARING AGENDA**

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<b>3. SAPWG Hearing – Review of Comments on Exposed Items—Kevin Clark (IA)</b>		
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**OVERVIEW AGENDA**

**MEETING AGENDA**

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<b>5. SAPWG Meeting – Maintenance Agenda – Active Listing—Kevin Clark (IA)</b>		
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<b>6. SAPWG Meeting – Any Other Matters Brought Before the Working Group—Kevin Clark (IA)</b>		
• Financial Condition (E) Committee Referral and Response	6	I, J
• Update on the IMR Ad Hoc Subgroup	7	None
• Referral from Life Risk-Based Capital (E) Working Group	7	None
• Review of US GAAP Exposures	7	None
• IAIS Audit and Accounting Working Group (AAWG Update)	7	None
<b>➤ Comment Deadline for All Items – Friday, May 1, 2026</b>		

**Statutory Accounting Principles (E) Working Group  
Hearing Agenda  
March 23, 2026**

**ROLL CALL**

Kevin Clark, Chair	Iowa	Steve Mayhew/Kristin Hynes	Michigan
Dale Bruggeman, Vice Chair	Ohio	Ned Cataldo	New Hampshire
Sheila Travis/Richard (Hamp) Russell	Alabama	Bob Kasinow	New York
Kim Hudson	California	Diana Sherman	Pennsylvania
William Arfanis/Michael Estabrook	Connecticut	Jamie Walker	Texas
Rylynn Brown	Delaware	Doug Stolte/Jennifer Blizzard	Virginia
Cindy Andersen	Illinois	Amy Malm/Levi Olson	Wisconsin
Shantell Taylor/Tom Travis	Louisiana		

NAIC Support Staff: Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr, Wil Oden

Note: This meeting will be recorded for subsequent use.

The Statutory Accounting Principles (E) Working Group met in regulator-to-regulator session on March 17, 2026, pursuant to the NAIC Open Meetings Policy paragraph 6 (consultations with NAIC staff related to NAIC technical guidance of the *Accounting Practices and Procedures Manual*). No actions were taken during this meeting, as the discussions were for NAIC staff to present the technical guidance captured within the Spring National Meeting agenda.

**REVIEW AND ADOPTION OF MINUTES**

1. Fall National Meeting **(Attachment 1)**

**REVIEW AND ADOPTION of NON-CONTESTED POSITIONS**

The Working Group may individually discuss these items, or may consider adoption in a single motion:

1. Ref #2025-25: Separate Account Nonadmitted Assets
2. Ref #2025-30: Administrative Services Contracts Disclosure Clarification
3. Ref #2025-31: Update Coverage Gap
4. Ref #2025-32: Remove Shaded Text
5. Ref #2025-33: Update to Annual Statement Expense Descriptions and Categories
6. Ref #2025-34: Updates on Economic Scenario Generator and Non-Variable Annuities

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter
2025-25 (Julie)	Separate Account Nonadmitted Assets	2 – Agenda Item	Agreement	IP - 5

Summary:

On December 9, 2025, the Working Group exposed revisions to *SSAP No. 56—Separate Accounts* to address nonadmittance for assets held under the “general account basis” in the separate account, and to support the separate account annual statement revisions to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules.

Comments:

Interested parties support the exposed revisions.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to *SSAP No. 56—Separate Accounts* and communicate support for the related blanks proposal.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter
2025-30 (Robin)	Administrative Services Contracts Disclosure Clarification	3 – Agenda Item	Agreement	IP - 8

Summary:

On December 9, 2025, the Working Group exposed revisions to *SSAP No. 47—Uninsured Plans* and the related annual statement note 18B to correct the net gain or loss calculation on Administrative Services Contract plans.

Comments:

Interested parties have no comment on this item.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to *SSAP No. 47—Uninsured Plans* and communicate support for the related blanks proposal.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter
2025-31 (Robin)	Update Coverage Gap Reference	4 – Agenda Item 5 – INT 05-05	Agreement	IP - 8

Summary:

On December 9, 2025, the Working Group exposed revisions to *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage* to note the December 31, 2024, end of the Coverage Gap Discount program and add relevant references to the CMS Manufacturer’s Discount Program which began in 2025.

Comments:

Interested parties have no comment on this item.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage*.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter
2025-32 (Wil / Jake)	Remove Shaded Text	6 – Agenda Item	Agreement	IP - 9

Summary:

On December 9, 2025, the Working Group exposed revisions to *SSAP No. 40—Real Estate Investments*, *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, the *Summary of Changes*, and the *How to Use* document to delete the shaded text instructions and delete previously superseded guidance in *SSAP No. 40*, which is currently shown as shaded text.

Comments:

Interested parties have no comments on this item.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to *SSAP No. 40—Real Estate Investments*, *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, the *Summary of Changes*, and the *How to Use* document.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-33 (Jake)	Updates to Annual Statement Expense Descriptions and Categories	7 – Agenda Item	Comments Received	IP – 9

Summary:

On December 9, 2025, Working Group exposed revisions to update and modernize the expense descriptions and categories in the annual reporting blanks, as detailed in Exhibit 1 for P&C, Exhibit 2 for Life/Fraternal, Exhibit 3 for Health, and Exhibit 4 for Title of this Form A. This agenda item does not result in changes to statutory accounting.

Interested Parties' Comments:

Interested parties do not have any concerns with the edits in Exhibit 1, however we did not see a Section 15 which relates to Computer Software (which is shown in the Index).

Recommendation:

NAIC staff recommend that the Working Group adopt this agenda item, which did not include any changes to statutory accounting. This adoption would include a recommendation to the Blanks (E) Working Group to adopt their agenda item 2025-26BWG which incorporates these revisions into the annual statement blanks. Interested parties noted that the exposure did not include recommended Section 15 for computer software, and NAIC staff noted that this was intentional as there were no intended changes to be made to Section 15, and this was excluded from the original exposure for brevity.

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter
2025-34 (Robin)	Updates on Economic Scenario Generator and Non-Variable Annuities	8 – Agenda Item	Agreement	IP - 9

Summary:

On December 9, 2025, the Working Group exposed revisions to SSAP No. 3—Accounting Changes and Corrections of Errors, SSAP No. 51—Life Contracts and SSAP No. 52—Deposit-Type Contracts to provide guidance on the optional implementation period for Valuation Manual revisions regarding the economic scenario generator and non-variable annuities. The revisions expand the existing phase-in disclosure to reflect the APF 2025-04 economic scenario generator phase-in by adding reference to VM-20.

The exposed revisions to SSAP No. 51 and SSAP No. 52—Deposit-Type Contracts effective date paragraphs provide that the VM-22 (non-variable annuities) optional implementation period in APF 2025-11 is reported as a change in valuation basis when implemented. Changes in valuation basis are reported in the change in accounting principles disclosures in SSAP No. 3—Accounting Changes and Corrections of Errors.

Comments:

Interested parties have no comments on this item.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to *SSAP No. 3—Accounting Changes and Corrections of Errors*, *SSAP No. 51—Life Contracts* and *SSAP No. 52—Deposit-Type Contracts* to provide guidance on the optional implementation period for the *Valuation Manual* revisions regarding the economic scenario generator and non-variable annuities.**

**REVIEW of COMMENTS on EXPOSED ITEMS**

The following items are open for discussion and will be considered separately.

1. Ref #2025-01: Sale-Leaseback Clarification
2. Ref #2025-22: IMR Impact to Reinsurance Collateral
3. Ref #2025-23: IMR Proof of Reinvestment
4. Ref #2025-24: Commitments and Contingencies Disclosures
5. Ref #2025-26: SSAP No. 48 Equity Changes
6. Ref #2025-27: SSAP No. 1 Modco/FWH Code
7. Ref #2025-28: Nonadmittance of Long-Term Repos
8. Ref #2025-29: Reporting Clarification

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-01 (Jake)	Sales-Leaseback Clarification	9 – Agenda Item	Comments Received	NAMIC/APCIA – 1 IP – 3

Summary:

On December 9, 2025, the Working Group exposed further revisions to SSAP No. 22 to incorporate certain aspects of proposed changes recommended by the NAMIC/APCIA from the 2025 Fall National Meeting and to include additional NAIC staff changes to further clarify the intent and scope of the proposed guidance and the effective date.

This agenda item intends to clarify that sales-leasebacks with restrictions on access to cash from the sales transaction do not qualify for sales-leaseback accounting and must be accounted for by the seller using the financing method.

Interested Parties' Comments:

Interested parties believe the clarification to the SSAP No. 22 guidance is helpful in that it removes the ambiguity of the prior guidance and makes it clear that if the pledge arrangement removes access (or creates forfeiture risk), then the transaction is not a sale-leaseback transaction; rather it is financing. The proposed changes create a new category of restricted assets within SSAP No. 22 that fails the availability test. This helps to distinguish between the types of pledged assets that may be involved in leasing arrangements and helps to determine if there is a lack of control and/or potential for forfeiture risk. We support the minor edit proposed in the comment letter submitted by the National Association of Mutual Insurance Companies and American Property Casualty Insurance Association.

National Association of Mutual Insurance Companies (NAMIC) and American Property and Casualty Insurance Association (APCIA) Comments ("The Trades") Comments:

The Trades appreciate the work that NAIC staff has done on this issue to make it clear what type of transaction should fall under SSAP No. 22 – Leases. We support the continued use of sale-leaseback accounting as a viable accounting practice when the transaction meets all necessary conditions.

The proposed language to SSAP No. 22, paragraph 33c helps to reinforce the concept of “availability” included in SSAP No. 4 Assets and Nonadmitted Assets. To meet sale-leaseback accounting requirements, the insurer must have the ability to take the pledged assets back, substitute, invest the cash, and there must be no forfeiture provision for terminating the contract. If those standards are satisfied, assets are still available and a sale can be recognized. The trades agree that if the assets were forfeitable, or otherwise trapped, they would not be available and would become a nonadmitted asset under SSAP No. 4, resulting in the transaction being accounted for using the financing method.

The clarification to SSAP No. 22 guidance is helpful in that it provides clarity that if the pledge arrangement itself removes access (or creates forfeiture risk), then it is not a sale-leaseback transaction; it is financing. In effect, the clarification establishes a new category of restricted assets within SSAP No. 22 that fails the availability test. This helps to distinguish between the types of pledged assets that may be involved in leasing arrangements and helps to determine if there is a lack of control and/or potential for forfeiture risk.

To further clarify that the language supports the concept of availability, the trades offer one minor edit to paragraph 33c as follows (proposed edit in red).

- c. When cash or assets received by the seller are effectively restricted (in whole or in part) from being accessed or used to satisfy policyholder obligations until the repayment of the lease and/or such cash or assets (or other assets pledged to the lender under the terms of the agreement ~~that would not be available to satisfy policyholder obligations)~~ would be forfeited to the lessor/lender (in whole or in part) if in the event the seller/lessee breaches the terms of the lease terminates the contract, then such transactions do not meet the definition of a sale for sale-leaseback accounting and shall be recorded as a financing arrangement as described in paragraph 39.

*Recommendation:*

NAIC staff recommend that the Working Group adopt revisions to SSAP No. 22 as illustrated below, which includes some of the suggested language from NAMIC/APCIA in paragraph 33.c. NAIC staff believe that the first additional suggested clarification referring to the cash/assets not being available for policyholder obligations is redundant and duplicates language from earlier in that sentence and is therefore unneeded. NAIC staff believe that the other suggestion that refer to “lessee breaches” is a good addition but would propose to include that language to accompany the existing language that refers to terminating the contract.

NAIC staff recommend adopting that language as exposed, which will require the revised guidance to be applied to all contracts in effect as of date the date of adoption.

33.c. When cash or assets received by the seller are effectively restricted (in whole or in part) from being accessed or used to satisfy policyholder obligations until the repayment of the lease and/or such cash or assets (or other assets pledged to the lender under the terms of the agreement) would be forfeited to the lessor/lender (in whole or in part) in the event the seller/lessee breaches the terms of the lease or terminates the contract, then such transactions do not meet the

[definition of a sale for sale-leaseback accounting and shall be recorded as a financing arrangement as described in paragraph 39.](#)

39. A sale-leaseback transaction that does not qualify for sale-leaseback accounting nor the deposit method shall be accounted for by the financing method. Under this method the seller-lessee shall not derecognize the transferred asset and shall account for any amounts received as a financial liability and the buyer-lessor shall not recognize the transferred asset and shall account for the amounts paid as a receivable. [A transaction where the cash or assets received as part of the sale are subject to restrictions as described in paragraph 33.c. would not qualify for sale-leaseback accounting and shall be accounted for using the financing method.](#)

54. This statement is effective for years beginning January 1, 2001. The conceptual revisions documented in *Issue Paper No. 161—Leases* are effective for all new leases entered into, and for existing leases reassessed due to a change in terms and conditions under paragraph 11, on or after January 1, 2020. Earlier adoption is permitted. The guidance in paragraph 34 regarding commercial airplanes was originally contained within *INT 00-02: Accounting for Leveraged Leases Involving Commercial Airplanes Under SSAP No. 22—Leases* and was effective March 13, 2000. The guidance in paragraph 5 was originally contained within *INT 04-20: EITF 01-8: Determining Whether an Arrangement Contains a Lease* and was effective March 13, 2005. Guidance in paragraph 27 related to maintenance costs incurred by lessee was previously included within *INT 09-05: EITF 08-3: Accounting by Lessees for Maintenance Deposits* and was effective for periods beginning September 21, 2009. The guidance in paragraphs 17 and 18 was originally contained within *INT 00-27: EITF 98-9: Accounting for Contingent Rent* and was effective September 11, 2000. [The guidance in paragraphs 33 and 39, clarifying the statutory accounting treatment for sale-leaseback transactions that do not qualify for sale-leaseback accounting and therefore must apply the financing method, applies to all contracts in effect on or after March 23, 2026.](#)

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-22 (Julie)	IMR Impact to Reinsurance Collateral	10 – Agenda Item	Comments Received	IP – 4 Academy – 11 ACLI – 13

Summary:

On December 9, 2025, the Working Group exposed revisions to SSAP No. 61 to clarify how IMR that has been derecognized as part of a reinsurance transaction should impact the reinsurance collateral required to receive credit for reinsurance. The exposed revisions reflect the asymmetrical proposal, in which derecognized positive IMR increases collateral requirements, but that derecognized negative IMR does not decrease collateral requirements. Comments on the symmetrical and asymmetrical approaches as well as the proposed revisions were requested. A referral was also provided to the Reinsurance (E) Task Force to receive their input. *(Note – Pending Response from RTF.)*

Interested Parties’ Comments:

Interested parties recommend symmetrical treatment of IMR in collateral calculations as it is consistent with the prudent use of reinsurance as a risk-management tool as discussed in the comment letter from the American Council of Life Insurers.

American Academy of Actuaries' Comments:

In response to the SAPWG 2025-22 exposure, we offer the following commentary in an effort to help balance the posting of collateral, based on the economics of a transaction, with the regulators' need to ensure that policyholder interests are protected.

Reinsurance that meets all regulatory requirements passes risk from the insurer to the reinsurer. As a result, the risk remaining on the cedent's balance sheet is reduced. Under those circumstances, we consider it appropriate that a cedent's surplus could be enhanced using such a reinsurance agreement.

Further, we recognize that reinsurance has proved to be an effective risk mitigation tool and believe that any changes to collateral requirements should avoid disincentivizing insurance companies from implementing appropriate reinsurance solutions.

At the same time, we appreciate the concern about negative IMR being used to reduce collateral below the level of policy reserves. Rather than an all-or-nothing approach to negative IMR, we would propose the following:

1. Allow negative IMR as part of the collateral calculation.
2. In order to allow collateral to be less than policy reserves, require the ceding company actuary to demonstrate, such as by using asset adequacy analysis (AAA), that the level of collateral would be sufficient to mature the reinsurer's liabilities under moderately adverse scenarios. This tested level of collateral would be floored at the policy reserves minus the absolute value of the negative IMR. The AAA could be done on a standalone basis at the treaty level. The results may be aggregated with those of other reinsurance agreements if the collateral may be used to meet the reinsurer's obligations under the other reinsurance agreements.
3. If no testing is performed, then the collateral would be floored at the policy reserves.
4. Posted collateral less than that developed by the cedent's actuary would result in a reduction in the reserve credit equal to the difference between the test collateral amount and the amount actually held.

In the case of Certified Reinsurers, where collateral is required for less than 100% of the ceded policy reserves, the calculations would be done based upon 100% of the ceded policy reserves and then the appropriate percentage would be applied.

ACLI Comments:

ACLI recommends symmetrical treatment of IMR in collateral calculations because it supports the prudent use of reinsurance as a risk-management tool. Under this approach IMR can both increase and decrease required collateral, which has several important benefits:

- The symmetrical approach better aligns the market value of assets and liabilities.

- The symmetrical approach stabilizes collateral requirements through economic cycles.
- The symmetrical approach prevents collateral implications from distracting from prudent and timely asset-liability management.

We also suggest SAPWG consider the risk that asymmetrical treatment of IMR in collateral calculations could exacerbate the impact of market cycles. By only allowing IMR to increase collateral, the asymmetrical approach would make reinsurance comparatively more expensive when interest rates increase. By introducing conditions that make certain periods more or less favorable for reinsurance transactions, an asymmetrical approach could unintentionally encourage non-economic decision-making. These potential effects do not appear to be addressed in the exposure document.

On the balance, ACLI expects the symmetrical approach to create more capital stability and more competitive pricing for consumers. We recognize regulators' focus on ensuring the sufficiency of collateral supporting reinsurance recoverables. ACLI fully supports collateral sufficiency, and we welcome continued dialogue on the treatment of IMR within reinsurance collateral determinations.

ACLI appreciates SAPWG's thoughtful consideration of this issue. We support SAPWG's continued efforts to ensure that the statutory treatment of IMR remains economically grounded, promotes sound risk management, and reflects the practical realities of life insurer investment portfolios.

Recommendation:

**NAIC staff recommend that the Working Group defer this item until a response is received from the Reinsurance (E) Task Force.**

**As a recap of the two potential options:**

- **With the asymmetrical approach, only positive IMR (increasing policy reserves) would be required in determining collateral requirements to obtain credit for reinsurance. This method would require additional collateral to obtain credit for reinsurance.**
- **With the symmetrical, both positive and negative IMR (increasing and decreasing policy reserves) would be captured in the determination of collateral requirements to obtain credit for reinsurance. For reinsurance transactions with the allocation of negative IMR, this would reduce the collateral required to obtain credit for reinsurance.**

**Ultimately, if there is support for the symmetrical approach, with the inclusion of actuarial verifications as recommended by the Academy, NAIC staff requests comments on how best to incorporate this into the SSAP No. 61 guidance. Further, although the Academy comments suggests inclusion of IMR as part of the collateral calculation, it is important to highlight that negative IMR does not meet the definition of acceptable collateral under Model #785. NAIC staff does not believe the Academy means that IMR should be considered as collateral per se, but rather as a valuation adjustment to the policy reserves that should be captured in the calculation of collateral required. Regardless, this is an important distinction, and the resulting guidance should be clear on the role of negative IMR if used to reduce collateral requirements.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-23 (Julie)	IMR Proof of Reinvestment	11 – Agenda Item	Agreement and Comments	IP – 4 ACLI – 9

Summary:

On December 9, 2025, the Working Group exposed the proposed concepts and templates for the IMR Proof of Reinvestment developed by the IMR Ad Hoc Group for Working Group and industry consideration. These concepts and disclosures are anticipated to be included in the issue paper and revised SSAP developed as part of the IMR long-term project.

Interested Parties' Comments:

Interested parties support the Proof of Reinvestment included with the exposure draft and the suggested technical corrections provided in the letter from the American Council of Life Insurers.

ACLI Comments:

ACLI supports the Proof of Reinvestment included with the exposure. By definition, IMR is a valuation adjustment to maintain consistency between insurance liabilities (the assumptions which are unchanged from origin), and the assets needed to support them (where assumptions can essentially be revisited any time there are fixed income realizations).

In a rising interest rate environment, with reinvestment, trading results in a reclassification between two on balance sheet items – unrealized losses reported as part of amortized cost and realized losses reported as negative IMR. The company is in the same financial and solvency position as realized losses are offset by higher yields, the present value of which is equal and opposite in amount, and the company has no significant change in its ability to meet its policyholder obligations.

Companies have many reasons to trade fixed income investments whether for appropriate duration management, credit reasons, asset allocation, tax reasons, etc., all of which can put the company in an equal or better position to meet policyholder obligations versus not trading.

The exposed “proof of reinvestment” is adequately conservative, while appropriately balancing simplicity and accuracy. ACLI is very appreciative of the diligent efforts that went into this proof of reinvestment so the original rationale of IMR can be fulfilled and fixed income trading gains and losses do not inappropriately distort solvency or reported surplus.

Further, the table highlighting different scenarios is very helpful in clarifying when the proof of reinvestment is “required” (scenarios 1 & 3) and not required (scenarios 2,4 & 5) which will help ensure consistent application in practice. It is ACLI’s understanding that when scenarios 1 & 3 occur, the proof is only required if a company wants to defer losses to negative IMR. Therefore, the final guidance should include explicit language so that this is clearly articulated should a company not want to defer losses by completing the proof of reinvestment.

Lastly, ACLI notes the following technical corrections to the proof of reinvestment that appear to have been lost in reformatting:

1. Lines 5 and 6 should be updated from “internal systems” to the new footnote that was noted in the exposure.
2. Lines 7 and 19 should use similar nomenclature such as line 3 (e.g., sum of lines x + y).
3. Line 13 includes the “^” symbol which was meant to include the further clarification as follows:
 

^ Column 11 is for disability business that includes both long and short-term disability. RBC is determined based on this differentiation in LR 19 where total earned premiums are broken out between long and short-term and are a close approximation of column 11 premiums in aggregate. Only the long-term premium categories (i.e., lines 21` through 26) included in LR 19 are to be subtracted for purposes of this test.
4. Line 23 should be changed from \$4,792,000 to \$4,791,600.
5. Line 24 nomenclature should be changed from “line 14 – less 23” to “line 14 – line 23” and the numbers should be changed from \$19,166,000 TO \$19,166,400.
6. Line 25 should be changed from “Line 3 – Line 7 – Line 14” to “Line 3 – Line 7 – Line 24” and \$49,587,000 should be changed to \$54,378,600
7. Line 28 should be changed from “Line 17 – Line 18” to “Line 26 – 27”.
8. In the last row of the table, “lines 25 & 28” should be changed to “lines 30 and 31”.

We have similar comments related to the separate account proof reinvestment such as eliminating unneeded lines – e.g., line 10 commissions, expenses which is from the cash flow statement which does not exist for separate accounts as well as other nomenclature suggestions that do not change the substance of the proof. Rather than highlight them here, we can point those out to NAIC staff to ensure the proof is specific to separate accounts, without changing the substance of what was exposed for comment. Lastly, related to the separate account proof, ACLI understands the note at the bottom of the separate account proof related to “transfer of IMR from the general account to separate account” also works from the separate account to the general account and a similar note should be included in the general account proof.

ACLI believes the proof of reinvestment strikes the right balance between rigor and practicality and reinforces IMR’s conceptual role in statutory accounting and appreciates SAPWG’s thoughtful consideration of this important issue. We reiterate our support for the proof of reinvestment requirements, which we believe will strengthen the statutory framework, enhance alignment with economic reality, and provide a sound basis for evaluating negative IMR.

Recommendation:

NAIC staff recommend that the Working Group adopt the concept of the IMR Reinvestment Template as a required component for reporting entities to increase negative IMR. NAIC staff agrees that companies are not required to complete the IMR reinvestment template, and those companies that do not complete will not be able to use realized losses from qualifying fixed income investment sales to move into, or increase, a net negative IMR balance. This process is detailed within the proposed IMR guidance, as companies would be required to allocate realized gains and losses from qualifying investment sales to IMR throughout the year, and the removal of net realized losses that increase a negative IMR balance not supported by the proof of reinvestment would be eliminated at year-end.

NAIC staff appreciate the comments received from industry on items noted within the template and will incorporate these changes so they are reflected in the IMR issue paper and proposed IMR reporting revisions. NAIC staff will also work with industry in the interim to obtain other revisions needed for the separate account template for inclusion in the IMR materials. The IMR materials will be subsequently exposed, so these technical edits will be subject to future exposure prior to adoption.

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-24 (Wil / Jake)	Commitments and Contingencies Disclosure	12 – Agenda Item	Comments Received	IP – 4

Summary:

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

Interested Parties' Comments:

Interested parties has had several conference calls to discuss this exposure draft and concluded that the definitions need to be clarified and that there is some complexity in the differences of definitions that are likely to cause a lack of consistency in industry's application of the exposure as currently drafted. We would like to extend our offer to work with NAIC staff on the exposure draft once we get past 2025 year-end reporting.

Recommendation:

NAIC staff recommend that the Working Group direct NAIC staff to work with industry directly in the interim on this project.

Additionally, NAIC staff request comments from regulators on the impact to RBC for contingencies and commitments. The RBC formula currently has a 0.01 post-tax RBC factor applied to "Contingent Liabilities" as reported in the Notes to the Financial Statements 14A1 for all types of business. One reason this agenda item was developed was due to discrepancies noted in how companies have reported Note 14A1 for the RBC impact. From a review of the historical RBC guidance, it has been noted

that the perceived intent of the disclosure (and RBC impact) was to be broad and not limited to investments but can also include accounts receivable and other contingencies resulting from operations. Regulator feedback on how this disclosure should be populated so that the intended amounts flow properly to RBC would be beneficial in considering future industry comments. For additional input, NAIC staff requests a referral to the Capital Adequacy (E) Task Force to receive their viewpoints on what should be captured in the RBC formula.

Below is an excerpt from the 1993 Note 14 Annual Statement Instruction for Contingent Liabilities, which was the inaugural year for the Life RBC formula, and which included the contingent liability RBC factor:

14. Contingent Liabilities Instruction:

- a. Report briefly the nature of any material contingent liabilities, including but not limited to, notes receivable discounted, reverse repurchase agreements, accounts and agents' balances assigned, accommodation paper, additional taxes, guarantees of liabilities of other companies, establishment of compensation balances, long-term contracts, loan take-out agreements and indemnification agreements, deferred expense contracts and arrangements between parents, subsidiaries or affiliates. Include in the disclosure the date incurred or discovered; the nature of the contingent liability, contract, arrangement or commitment; the amount or amounts, if known; the status as of the Annual Statement date; and all other information necessary for a full disclosure.

Additionally, it has been identified that there is a difference in what is captured as a contingent liability in the P/C RBC formula, as P/C entities incur the contingent liability charge on both Note 14A and the unrecorded loss contingencies captured in Note 27A. Note 27A in the P/C Blank is specific to structured settlements, and captures unrecorded loss contingencies when the reporting entity has purchased annuities with the claimant as the payee, representing the extent to which the reporting entity is contingently liability should the issuers of the annuities fail to perform under the terms of the annuities.

- A. Disclose the amount of reserves no longer carried by the reporting entity because it has purchased annuities with the claimant as payee and to the extent to which the reporting entity is contingently liable for such amounts should the issuers of the annuities fail to perform under the terms of the annuities.

A. Loss Reserves Eliminated by Annuities \$ _____	Unrecorded Loss Contingencies \$ _____
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Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-26 (Julie)	SSAP No. 48 Equity Changes	13 – Agenda Item	Comments Received	IP – 5

Summary:

On December 9, 2025, the Working Group exposed a detailed concept agenda item to review the overall guidance in SSAP No. 48—*Joint Ventures, Partnerships and Limited Liability Companies*. In addition to noted questions on application, the review is in line with a historical intent to review investment SSAPs, for which SSAP No. 48 has yet to be completed. Comments were requested on the noted aspects and the extent of a SSAP No. 48 review.

Interested Parties' Comments:

Interested parties has had several conference calls to discuss this exposure draft and had conflicting interpretations of how this draft would be applied. Given the complexity and the extent of systems changes this item could have on company's reporting systems, we would like to extend our offer to work with NAIC staff on the exposure draft once we get past 2025 year-end reporting.

Recommendation:

**NAIC staff recommend that the Working Group direct NAIC staff to work with a limited industry focus group (e.g., 2-4 dedicated industry representatives) to develop proposed revisions for subsequent review by the full Working Group.**

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-27 (Jake)	SSAP No. 1 Modco/FWH Codes	14 – Agenda Item	Comments Received	IP – 5

Summary:

On December 9, 2025, the Working Group exposed revisions to SSAP No. 1—*Accounting Policies, Risks & Uncertainties, and Other Disclosures* to expand paragraph 23.b to add a reporting code for assets held under modco and funds withheld arrangements.

Interested Parties' Comments:

Interested parties continue to recommend that the assets assigned to Modco and FWH agreements be reported in the aggregate but not subject to individual restricted asset coding of any kind in the detailed investment schedules. We would appreciate the opportunity to work with NAIC staff and regulators to arrive at an acceptable compromise on this issue, along the lines of our work on Schedule S – Part 8.

In addition, we recommend limiting possible changes to only Life/Fraternal reporting entities, which would be consistent with how Schedule S – Part 8 was created and where almost all the Modco/ Funds Withheld reinsurance agreements are reported.

For Property & Casualty insurers, Modco / Funds Withheld reinsurance agreements are rarely used and when they are, the assets represent the cash for the ceded premium the ceding insurer holds onto rather than paying the assuming insurer. These assets remain commingled in the ceding insurer's general investment portfolio managed by the ceding insurer. Accordingly, the agreement does not require and does not result in restricted assets that are specifically identifiable and/or potentially managed by the assuming reinsurer or its affiliates. It appears that P&C companies were inadvertently scoped into Note 5L in the Blanks proposal and will not be able to complete the schedule.

We recommended that the Blanks proposal be re-exposed or deferred to allow the Working Group item to be adopted.

Recommendation:

**NAIC staff recommend that the Working Group provide NAIC staff with input on the direction for this agenda item, with re-exposure to determine whether the restricted asset code should be retained. NAIC staff noted that for the existing investment codes, it is possible that only a portion of the total reported investment to be subject to one or more of the restricted asset codes. This situation is not unique to modco or funds withheld arrangements. Currently, if an asset is restricted and there is not a dedicated code, then reporting entities code it as "Other." This was the basis of this agenda item as it was noted by an industry representative with a recommendation that modco/FWH restricted assets have separate codes, as the additional codes would allow a better match to annual statement No. 5L.**

**With the current comments from industry, and how the restricted asset code applies to the aggregated investment on the investment schedule (even if the restricted portion is much less) there is a question on whether the restricted asset codes on the investment schedules provide valuable information to regulators. Further, with the required substitutability for admittance purposes, it is noted that the identified restricted assets coded at year-end may not be the restricted assets that subsequently support pledging agreements. If consideration needs to be given on whether the restricted asset code on the investment schedules provides valuable information, this agenda item could be re-exposed with a request for comments on deleting that reporting column. The restricted asset note (Note 5L) would continue to provide aggregated information about the amounts restricted within a reporting entity's financial statements. (Note: If the Working Group supports deletion of the restricted asset code it will be in a new blanks proposal with a Jan. 1, 2027, effective date.)**

**If the Working Group supports retaining the restricted asset code column in the financial statements, the Working Group is requested to provide input on whether the FWH/Modco codes should be added, and if those additional codes should be captured on all annual statement blanks or if it should be limited to Life/Fraternal reporting entities, similar to the approach that was taken with Schedule S, Part 8 for the reporting of modco and funds withheld assets.**

**Current Restricted Asset Reporting Categories in Note 5L: - Includes FWH/Modco Assets**

- a. Subject to contractual obligation for which liability is not shown
- b. Collateral held under security lending agreements
- c. Subject to repurchase agreements
- d. Subject to reverse repurchase agreements
- e. Subject to dollar repurchase agreements

- f. Subject to dollar reverse repurchase agreements
- g. Placed under option contracts
- h. Letter stock or securities restricted as to sale – excluding FHLB capital stock
- i FHLB capital stock
- j. On deposit with states
- k. On deposit with other regulatory bodies
- l. Pledged collateral to FHLB (including assets backing funding agreements)
- m. Pledged as collateral not captured in other categories
- n. Other restricted assets
- o. Collateral assets received and on balance sheet**
- p. Assets held under modco reinsurance agreements**
- q. Assets held under funds withheld reinsurance agreements**

**Current Restricted Asset Codes in the Investment Schedules: No reference to Modco/FWH**

*Note: The original exposure of this agenda item proposed to capture the above shaded categories as separate codes in the restricted asset reporting code column. They are not currently captured below:*

- LS – Loaned or leased to others
- RA – Subject to repurchase agreement
- RR – Subject to reverse repurchase agreement
- DR – Subject to dollar repurchase agreement
- DRR – Subject to dollar reverse repurchase agreement
- C – Pledged as collateral – excluding collateral pledged to FHLB
- CF – Pledged as collateral to FHLB (including assets backing funding agreements)
- DB – Pledged under an option agreement
- DBP – Pledged under an option agreement involving “asset transfers with put options”
- R – Letter stock or otherwise restricted as to sale – excluding FHLB capital stock  
(Note: Private placements are not to be included unless specific restrictions as to sale are included as part of the security agreement.)
- RF – FHLB capital stock
- SD – Pledged on deposit with state or other regulatory body
- M – Not under the exclusive control of the reporting entity for multiple reasons
- SS – Short sale of a security
- O – Other

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-28 (Julie)	Nonadmittance of Long-Term Repos	15 – Agenda Item	Industry Agreement	IP – 6

Summary:

On December 9, 2025, the Working Group exposed revisions to SSAP No. 103—*Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* to allow long-term repurchase agreements to be admitted. The revisions also clarify that reverse repurchase agreements with maturity dates in excess of

one-year shall continue to be nonadmitted and provide guidance for how the nonadmittance should be reflected.

This item is supported by industry but is included for discussion to ensure regulator agreement.

Interested Parties' Comments:

Interested parties agree that conceptually long-term repurchase agreements should be admitted assets. We reached out to industry to ask whether companies have longer dated repurchase agreements that can be puttable and received responses that the companies were not aware of any repurchase agreements with those terms.

Recommendation:

**NAIC staff recommend that the Working Group adopt the exposed revisions to SSAP No. 103—*Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. These revisions will eliminate historical guidance that requires long-term repurchase agreements to be nonadmitted. The guidance would continue to require nonadmittance of long-term reverse repurchase agreements and incorporate guidance for how that nonadmittance should be reflected.**

The exposure inquired whether disclosure (or other accounting treatment) for repurchase and other borrowing agreements should be considered when the agreement is puttable and can be terminated early. Pursuant to the interested parties' comments, they are not aware of any repurchase agreements with those terms. With this information, NAIC staff requests regulator comments on whether anything additional should be captured in the statutory financial statements. As a reminder, there is a broader agenda item still pending that will further review of securities lending and repurchase agreements for converging guidance and disclosures.

For ease of review, the proposed edits (reflected in footnote 6 to SSAP No. 103) are shown below:

<sup>6</sup> Only short-term reverse repurchase repo agreements (with a stated ~~short-term~~ maturity dates of 365 days or less) are allowed as admitted assets. Long-term reverse repurchase repo agreements (~~agreements~~ with maturity dates in excess of 365 days) are nonadmitted. and shall be reported on Schedule BA as an "Any Other Asset". A long-term reverse repurchase agreement shall not be moved to Schedule DA when the remaining maturity date is within 365 days of the reporting period date. However, when the maturity date is within 365 days of the reporting period date and the fair value of the acquired asset is 102% or more than the original purchase price paid by the reporting entity, the reverse repurchase agreement may be admitted for the remaining duration (365 days or less) until maturity. If the reverse repurchase agreement is renewed for a period in excess of 365 days, the agreement shall again be nonadmitted. This footnote is specific to reverse repurchase agreements and has no impact on the admittance of long-term repurchase agreements.

Ref #	Title	Attachment #	Agreement with Exposed Document?	Comment Letter Page Number
2025-29 (Julie)	Reporting Clarifications	16 – Agenda Item	Comments Received	IP – 6

Summary:

On December 9, 2025, the Working Group exposed this agenda item to modify and/or clarify guidance for the reporting of certain components in the investment schedules, particularly for aspects related to debt securities predominantly incorporated with the implementation of the principles-based bond definition. Reporting entities are requested to identify additional reporting components that could use clarification as they complete the year-end 2025 reporting under the provisions of the bond definition.

Interested Parties' Comments:

Interested parties offer the following comments on this item:

1. Payment Due at Maturity:

- Please clarify that the payment at maturity refers to the contractual / legal maturity date (vs. anticipated repayment date) and represents the amount specified in the contract (i.e., the contractual payment due at contractual maturity).
- Interested parties prefer that the amount remain unchanged on an ongoing basis unless additional lots are purchased or existing lots are sold. If the amount represents the contractual payment due (vs. anticipated repayment due) at maturity, it should not change except as a result of such transactions.
- We have no objection if the NAIC chooses to limit the disclosures to certain subcategories in Schedule D – Part 1 as identified in the proposal.
- If it is anticipated that the field will change after acquisition, IPs would request further conversation with NAIC staff.

2. Origination Balloon Payment %:

- We agree that the origination date should be used when available; for instruments purchased in the secondary market, the acquisition date should be used instead. We also recommend retaining the statement that transition is subject to best efforts.
- Please clarify that the amounts refer to contractual amounts due at the contractual maturity date, rather than expected amounts due based on the anticipated repayment date.

3. Rated Notes or Rated Feeder Funds:

- Interested parties agree that if a feeder fund does not qualify as an operating company under the bond standard and payments from the underlying collateral are used to service the debt, the instrument would not be reported as an ICO. Insurers apply their own accounting policies to determine whether an investment is classified as an ICO or ABS, and the industry is not aware of

any instances in which debt issued by a feeder fund has been reported as an ICO. If the NAIC wishes to clarify this point in the bond standard, the industry has no objection.

- We prefer to avoid introducing a new characteristic code, as this matter is not considered significant and would add complexity to an already detailed Schedule D. If the NAIC instead requires that all debt issued by feeder funds be reported as ABS, the industry would not object, though defining a “feeder fund” may be beneficial. The industry is willing to work with the NAIC as needed.

4. Aggregate Deferred Interest:

- Industry has not observed that bank loans generally have payment dates extending beyond 12 months (other than PIK).
- Accordingly, we have no comments on this requirement, as it is already addressed in the annual statement instructions and insurers will comply beginning in 2025.
- Bank loans that meet the applicable definition are reported as ICO. The bank loans reported as ICO do not have multiple bank loans as underlying collateral; if they did, industry believes they would not qualify as ICO.

5. Schedule BA – Residuals Maturity Date:

- Insurers do not consider the residual maturity date to be a relevant data point for several reasons. Contractual maturity dates are often set far into the future solely to ensure eventual payoff and to avoid perpetual classification. In practice, insurers expect residual interests to be settled well before the contractual maturity date.
- For insurers applying a cost recovery method, the contractual maturity date is not relevant.
- Residual interests are structured to receive cash flows for which both the timing and amount are uncertain; therefore, the residual maturity date is not a relevant data point.

6. Schedule BA – Investments in Joint Ventures, Partnerships or Limited Liability Companies (Including Non-Registered Private Funds) with Underlying Assets Having Characteristics of Mortgage Loans:

Interested parties believe a principles-based approach should be considered for this issue and provide the following rationale:

- The NAIC proposes that the intent of Schedule BA reporting is to use a ‘single-level look-through’ (e.g., an SSAP No. 48 investment holds RMBS/CMBS and thus an insurer should not look through the RMBS/CMBS and conclude it has “underlying characteristics of mortgage loans”). Interested Parties agree that, in the specific example provided, the cash flows used to pay down the SSAP No. 48 investment are from bonds (i.e., RMBS/CMBS). However, use of ‘single-level look-through’ in all cases may not properly reflect the nature and risk of the assets that will ultimately support an insurer’s investment. As an example, an insurer may own equity in a Limited Partnership (LP) which owns equity in a fund (the fund may be an LP also) that owns only real estate. The underlying fund (an LP) owns real estate that produces lease income, which is ultimately passed through to the investor. If an insurer stops the analysis at the ‘single-level-look-through,’ it would conclude that the underlying risk is equity in a fund. In reality, the insurer is assuming real estate risk through this structure. Structures can be multilayered for tax, legal and other commercial reasons. Interested Parties support using a principles-based approach for the determination of

how to report the underlying characteristics of investments in the LP based on the nature of the cash flows that will service the investment.

- Similarly, regarding the proposal to "explicitly exclude debt securities, including RMBS/CMBS from the SSAP No. 48 reporting category for investments with 'underlying characteristics of mortgage loans,'" we believe a principles-based approach should be applied to determine the underlying characteristics and resulting classification. For example, IPs are concerned that in the example provided, some small amount of RMBS/CMBS in a mortgage fund may "taint" the classification of the SSAP No. 48 investment in a fund that, in substance, has 'underlying characteristics of mortgage loans' (i.e., where the cash flows generated to pay off the investment are primarily mortgage loans). Given the classification as having 'underlying characteristics of XXXX' has a direct impact on RBC, we believe it is important to properly reflect the risk associated with the underlying assets that are generating cash flows to pay the investment.

In summary, interested parties support the development of a principles-based approach that considers the substance of a reporting entity's investment for determining the classification of SSAP No. 48 investments as having 'underlying characteristics of XXX'. We are willing to work with NAIC staff as this is developed.

Recommendation:

**NAIC staff recommend that the Working Group sponsor the following changes in a blanks proposal:**

- **Payment Due at Maturity:** Report [the contractual](#) payment due at [the legal](#) maturity [date](#). Include the final principal payment (including balloon payments) as well as interest to be paid at maturity. [The amount reported at acquisition shall not be subsequently revised unless additional lots are purchased or if lots are sold. If there is no contractual amount to be paid at legal maturity, report zero.](#)

Incorporate guidance to the blanks to limit the reporting of this data element as follows:

- For ABS on D-1-2: Limit the column to items reported as "Financial Asset-Backed Securities – Not Self Liquidating," "Non-Financial Asset Backed – Practical Expedient" and "Non-Financial Asset Backed – Full Analysis."
- For ICOs on D-1-1: Limit the reporting to items reported as "Single Entity Backed Obligations".
- **Origination Balloon Payment %:** Include the percentage of [contractual](#) balloon payment due at [legal](#) maturity based on the original outstanding principal amount. For example, if the original security had principal repayment of \$100 and \$80 is scheduled to be paid at maturity, the balloon payment percentage at origination is 80%. [Origination date information shall be used when available. For instruments purchased on the secondary market, for which origination date information is not available, the information available as of the acquisition date may be used using best efforts to obtain data.](#) The balloon percentage shall not be adjusted subsequent to origination regardless of principal reduction or payments in advance of maturity that reduce the outstanding balloon. If there is no balloon payment, then ~~update-report~~ with 0%.

(This category is only applicable to items reported as financial ABS that are not self-liquidating, non-financial ABS reported under the practical expedient and non-financial ABS under full analysis. There are no proposed changes to the applicable categories.)

**NAIC staff request regulator comments on whether residuals should include a maturity date.** As noted within the interested parties' comments, they do not consider this to be a relevant data point. The following clarification is proposed to address questions on when to include a maturity date:

- **Schedule BA Maturity Date:** The maturity date shall be reported for all investments on Schedule BA that have a contractual, stated maturity date. This is anticipated to include, but not limited to, all investments captured as non-bond debt securities, surplus notes, capital notes, collateral loans, non-collateral loans, and investments in tax credits. However, this list should not be considered all-inclusive for investments captured on other reporting lines with stated maturity dates.

**Unless otherwise directed by the SAPWG, NAIC staff does not propose revisions for the following items at this time:**

- Rated Notes or Feeder Funds – Pursuant to industry comments these are properly being reported as ABS. If a code is supported in the investment schedules, this could be further considered.
- Aggregate Deferred Interest – Further clarification does not seem needed. NAIC staff agrees that loans backed by multiple bank loans as collateral should not qualify as ICO and shall be captured as ABS.
- Schedule BA – Determining Underlying Asset Allocation for SSAP No. 48 Reporting. NAIC staff has noted additional questions on determining how/when to report SSAP No. 48 investments in one of the “underlying asset characteristic” buckets. (For example, a question was recently received on whether a SSAP No. 48 entity holding 70% mortgage loans and 30% ABS could be allocated as holding underlying characteristics of mortgage loans.) NAIC staff believe this is a broader question, with potential RBC impacts, and recommend a separate assessment of the reporting guidance outside of this agenda item. This discussion can be included within agenda item 2025-26 with the SSAP No. 48 review or be led by an RBC workstream. NAIC will coordinate with the RBC team to determine the most appropriate group for initial discussions.

**The comment letters are included in Attachment 17: Comment Letters (17 pages)**

**Statutory Accounting Principles (E) Working Group  
Meeting Agenda  
March 23, 2026**

**A. Consideration of Maintenance Agenda – Pending List**

1. Ref #2025-13: Residential Mortgage Loans Held in Statutory Trusts
2. Ref #2026-01: Disclosure of FABNs and Similar Structures
3. Ref #2026-02: Valuation of Funds Withheld
4. Ref #2026-03EP: 2026 Spring Editorial and Maintenance Update

Ref #	Title	Attachment #
<b>2025-13 (Wil / Jake)</b>	<b>Residential Mortgage Loans Held in Statutory Trusts Issue Paper</b>	<b>A – Issue Paper</b>

Summary:

An issue paper has been drafted to detail for historical purposes the discussions and conclusions that occurred when developing the guidance for residential mortgage loans held in qualifying statutory trusts. The guidance for residential mortgage loans held in qualifying statutory trusts was adopted during the 2025 Fall National Meeting, and permits qualifying structures to be captured in *SSAP No. 37—Mortgage Loans*, with individual mortgage loan reporting on Schedule B. The guidance was adopted with a January 1, 2027, effective date, with early application permitted.

Recommendation:

**NAIC staff recommend that the Working Group expose the draft Qualifying Statutory Trusts issue paper for public comment.**

Ref #	Title	Attachment #
<b>2026-01 (Julie)</b>	<b>Disclosure of FABNs and Similar Structures</b>	<b>B – Referral /attach C – Agenda Item</b>

Summary:

This agenda item has been prepared to consider a February 17, 2026, referral received from the Macroprudential (E) Working Group to incorporate proposed disclosures for funding agreement backed notes (FABNs) and other funding agreement backed structures.

FABNs are debt instruments issued by Special Purpose Vehicles (SPVs) generally formed by life insurance companies. A life insurance company issues a funding agreement to the SPV, which is accounted for in accordance with *SSAP No. 52—Deposit-Type Contracts*, and the SPV then issues debt instruments (FABNs) that are backed by the principal and interest of the issued funding agreement. Although all funding agreements issued by the insurer are required to be captured in current reserves and detailed in Exhibit 7 – Deposit-Type Contracts, there is no current reporting of whether the issued funding agreements back FABNs or other similar structures. The Macroprudential (E) Working Group requests disclosures of this activity to allow for monitoring under their financial stability monitoring objectives. The referral identifies that the proposed disclosure will provide the Financial Stability (E) Task Force with the ability to identify transmission channels of potential risk to and from the insurance industry and the interconnectedness to the capital markets.

The disclosures recommended in the referral capture the total of all funding agreements that back SPV issuances, with reporting that divides based on the type of agreement, whether the SPV-issued debt instruments are puttable, and if the terms of the debt agreement differ from the backing funding agreement. The disclosure recommendation also captures information on the maturity distribution of the funding agreements that back SPV issuances, including whether the funding agreement has a fixed or floating rate. Lastly, as the SPV could issue debt instruments backed by a non-U.S. currency, the recommendation proposes to capture info on currency denominations and whether the foreign currency exposure is hedged.

The proposed disclosures detailed in the agenda item are consistent with the referral received from the Macroprudential (E) Working Group with the following two additions:

- The disclosure is proposed to be expanded to capture the amount of BACV collateral pledged by the reporting entity to the SPV under the funding agreement backed structures. From preliminary information received, this collateral pledged is common in funding agreement backed repurchase agreements and funding agreement backed loans.
- The SSAP No. 52 revisions are proposed to be expanded to include a “glossary” for the different funding agreement backed structures. (These descriptions are captured in the agenda item.)
  - Funding Agreement Backed Notes
  - Funding Agreement Backed Commercial Paper
  - Funding Agreement Backed Repurchase Agreements
  - Funding Agreement Backed Loans
  - Funding Agreements Issued into Muni Prepay Structures
  - Other Funding Agreements Backing SPV Issuances

Recommendation:

**NAIC staff recommend that the Working Group receive the referral and move this item to the active listing as a SAP clarification and expose the proposed SSAP No. 52 disclosure and glossary addition for comment. The Macroprudential (E) Working Group is sponsoring a corresponding blanks proposal which includes the additional collateral component described above.**

Ref #	Title	Attachment #
2026-02 (Robin)	Valuation of Funds Withheld	D – Agenda Item

Summary:

This agenda item is to address inconsistent guidance regarding the valuation of the liability for funds withheld in a life or health reinsurance agreement. Funds withheld assets are often held by the ceding entity as reinsurance collateral to mitigate credit exposure (with all types of reinsurers) and/or to secure credit for reinsurance on amounts ceded to unauthorized or certified reinsurers. Pursuant to the *Credit for Reinsurance Model Law (#785)* funds withheld can be used as acceptable collateral to secure reinsurance credit with a variety of reinsurance contract types.

In a funds withheld reinsurance contract, the ceding entity withholds assets for collateral that would otherwise be paid to the reinsurer, in addition, the reinsurer may also provide additional collateral if needed. If the reinsurer provides additional collateral it is typically referred to as funds deposited by the reinsurer. Because the funds

withheld or deposited by the reinsurer are payable under the reinsurance contract to the assuming reinsurer, the ceding entity reports a liability for the funds withheld. The guidance is related to the liability for the funds withheld reported by the ceding entity is inconsistent.

**Reporting - Assets** - The assets withheld from the reinsurer are reported in the investment schedules of the ceding entity at their statutory book adjusted carrying value in accordance with the applicable statements of statutory accounting principles (SSAPs).

**Reporting - Liabilities** - The ceding entity records a liability for funds withheld on the following liabilities lines:

- liability line **24.03 – Funds Held Under Reinsurance Treaties with Unauthorized and Certified Reinsurers**. The line 24.03 instructions reference Schedule S reinsurance columns which direct the use of fair value.
- liabilities line **24.07 – Funds Held Under Coinsurance** the instructions of this line do not reference a valuation, but reference that it is for other than amounts held on line 24.03.

*SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance* and Model #785 both discuss funds withheld from reinsurers and funds deposited by reinsurers.

It would be reasonable to presume that when determining the “amount” of funds withheld, that it would represent the amount of the funds as reported on the asset side of the balance sheet, which would be statutory book value. However, that could result in a different basis of accounting for funds withheld based on reinsurer type, depending on how the instruction for Schedule S – Part 4 and Part 5 is interpreted. Further support for the presumption that funds withheld is intended to be reported at the same basis as the asset side of the balance sheet (statutory book value), is the mismatched accounting that would occur otherwise. If the funds withheld liability were to be reported at fair value while the assets remain at book value, it would result in a counterintuitive result.

The Schedule S Parts 4 and 5 collateral columns for funds withheld, letters of credit and funds in trust play an important role in determining if total collateral for unauthorized and certified reinsurers is adequate under Model #785 to allow credit for reinsurance. If the collateral is insufficient, a liability is reported on line 24.02 – Reinsurance in Unauthorized and Certified Reinsurers. To the extent the annual statement instructions are clarified for the valuation of funds withheld it affects amounts used in the calculation of this liability.

Recommendation:

**NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to the instructions for the Life and Health annual statement on schedule S, Parts 3, 4 and 5, the liabilities page and SSAP No. 61 as detailed in the agenda item to clarify that funds withheld liabilities should be recorded equal to the book adjusted carrying value of the funds withheld assets. In addition, some legacy annual statement instructions for Schedule S Parts 4 and 5 regarding the use of SVO fair values are proposed for deletion as a clean-up item. Staff recommends that the Reinsurance (E) Task Force be notified of the exposure, with NAIC staff directed to prepare a Blanks proposal for exposure to allow for year-end 2026 adoption consideration.**

Ref #	Title	Attachment #
2026-03EP (Julie)	2026 Spring Editorial and Maintenance Update	E – Agenda Item

Summary:

This agenda item details the following editorial revisions:

- 1) Revisions to *SSAP No. 15—Debt and Holding Company Obligations* and *SSAP No. 52—Deposit-Type Contracts* to remove the word “funding” from the beginning of the paragraph that describes FHLB agreements. Only FHLB agreements that are deposit-type contracts shall be captured as “funding agreements.”
- 2) Revisions to various SSAPs to replace the term “CUSIP” with “Security Identifier.” In limited instances, the sentence structure has been slightly revised to indicate “investment (by Security Identifier)” for clarity.
- 3) Revisions to add “U.S.” before generally accepted accounting principles or GAAP as appropriate.

Recommendation:

**NAIC staff recommend that the Working Group expose the editorial revisions for public comment.**

**B. Consideration of Maintenance Agenda – Active Listing**

## 1. Ref #2024-15: ALM Derivatives

Ref #	Title	Attachment #
2024-15 (Julie)	Asset Liability Management (ALM) Derivatives	F – SSAP (Clean) G – SSAP (Tracked) H – Issue Paper

Summary:

Pursuant to the direction from the 2025 Fall National Meeting, NAIC staff has drafted proposed SSAP guidance and an issue paper for interest-rate hedging derivatives used for asset liability management. In accordance with the prior direction, the guidance has been developed to utilize an amortized cost measurement method approach as well as to exclude asymmetrical derivatives.

The documents provided include the clean version of the proposed SSAP, as well as a version that illustrates tracked changes from the ACLI draft previously exposed. Although a number of the revisions are to comply with SSAP form and terminology, or to remove guidance that seemed repetitive, key revisions include the following:

- Derivatives Removed from Ineffective Programs: Under the proposed guidance, deferred assets/liabilities will only be recognized if the derivative terminates while part of a highly effective program, or if removed (rebalanced) from a highly effective program. This is different from the ACLI draft where it was proposed that items removed from an ineffective program would still be permitted recognition as a deferred asset/liability. The ACLI proposal was that the company would go back to the prior period when the program was effective and determine the amount of deferred asset/liability that could be recognized at that time, and the difference to the current point in time would be a realized gain/loss. Due to tracking and administrative concerns, as well as that it is expected for programs to be effective, the proposed SSAP guidance only allows deferred asset/liability recognition if the derivative terminates or is removed when the program is highly effective. If the program becomes ineffective, then all derivative recognition from that point shall be recognized as immediate gains and losses and not be deferred.
- Accelerated Amortization: The proposed guidance permits amortization of deferred derivative gains and losses over a period not to exceed 10-years for all instances in which gains or losses are deferred. This is different from the ACLI draft where instances would exist that would require a shorter 5-year amortization period. The 5-year timeframe was developed to mirror SSAP No. 108 situations. However, as SSAP No. 108 uses a fair value measurement method, with ongoing deferral of assets and liabilities, and the proposed guidance uses an amortized cost approach with deferral only at termination / rebalancing of the derivatives, the shortened amortization timeframe was not deemed necessary.
- Disclosures: The proposed disclosures have been modified to eliminate proposed similarities from SSAP No. 108 that are not deemed relevant with the amortized cost approach or to match other revisions within the standard.

In addition to these modifications, the transition guidance, reporting proposal and admitted asset determination are specifically highlighted for regulator review and comment:

- Transition: Transition guidance has been proposed for reporting entities with open derivatives in an existing approved program as of the effective date. This guidance would allow those reporting entities to

make a one-time adjustment to reclassify recognized unrecognized gains and losses from derivative fair value changes to deferred assets and liabilities and begin amortization over a 10-year period. With the guidance, the then current fair value of the derivative would represent the initial amortized cost basis and follow the provisions in the guidance for future measurement. NAIC staff believes transition guidance is needed to be equitable across companies, particularly for companies that have not historically taken derivative gains/losses to IMR (which would have been in-line with the intent of SSAP No. 86).

- **Reporting:** NAIC staff is soliciting feedback on the reporting for these derivatives. It is currently proposed that new reporting lines be added to Schedule DB to separately capture these derivative structures. This would be consistent with past approaches when derivative categories are added. Alternatively, a code could be added to the “hedging other” reporting lines to identify whether the derivative qualifies under the ALM derivative guidance. As these derivatives are already captured as “hedging other” separating into new reporting lines doesn’t expand the extent derivatives are reported, but only adds new subtotals to Schedule DB, which would likely be easier for regulator review.
- **Admittance:** The proposed SSAP guidance permits admittance of all deferred losses recognized under the ALM derivative standard. This is proposed to not disincentivize prudent hedging activities. Comments are requested on this proposed guidance and if further disclosure (e.g., accumulated IMR, deferred derivatives, other “soft” assets) should occur to provide regulators with the aggregated amounts.

Recommendation:

**NAIC staff recommend that the Working Group expose the draft SSAP and Issue Paper for public comment, with a request for comments on the specific items noted. (The exposure will include both the clean SSAP and the version that shows tracked changes from the prior ACLI version.)**

**C. Any Other Matters**

**a. Financial Condition (E) Committee Referral and Response – (Robin) (Attachments I & J)**

At the NAIC 2025 Fall National Meeting, the Financial Condition (E) Committee adopted updated guidance for *2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts (2024-06)*, clarifying accounting changes should follow SSAP No. 3. Discussions noted the ability to use permitted practices for transitioning agreements. Through these discussions, members of industry noted that some states do not issue permitted practices as a matter of policy, in which case such states would not have the tools to exercise the necessary flexibility should they feel it is warranted.

The Committee issued a referral on Jan. 12 (Attachment I) to the Statutory Accounting Principles (E) Working Group. The referral directed the Statutory Accounting Principles (E) Working Group to take steps to consider: 1) further education of how permitted practices may be used to address transition issues for 2024-06, and 2) if any tools were needed to accommodate states or jurisdictions that do not allow permitted practices as a matter of policy. The Committee noted it is not mandating or precluding any changes for the transition of the adopted guidance.

To address this referral, the Working Group chair directed the Jan. 26 distribution to the chief financial regulators of an example permitted practice to clarify permitted practices and encourage uniform reporting among states. A survey was conducted to see whether tools were needed for jurisdictions that, as a policy, do not grant permitted practices. The survey received forty-seven responses and the results of the survey were aggregated. All respondents stated that no additional flexibility other than that provided through the permitted practice process was needed. (Response -Attachment J)

As we have not identified any members needing further consideration of transition guidance, the Working Group concluded that no further steps are needed at this time and directed this update to be sent to the E Committee. Absent any further direction from the E Committee, the Working Group will consider this matter complete.

**Recommended Actions - Receive the referral and approve the referral response to the Financial Condition (E) Committee.**

**b. Update on the IMR Ad Hoc Subgroup – (Julie)**

The IMR Ad Hoc group has continued to meet regularly since their first meeting in Oct. 2023. Since the 2025 Fall National Meeting, the discussions have focused on the reporting of modco and funds withheld reinsurance transactions, market value adjustments, and a few other clarifying items. On February 24, 2025, the ad hoc group received an initial version of the revised *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve* to reflect ad hoc group discussions. After considering comments from the ad hoc group, it is anticipated that the revised SSAP, draft issue paper, and documents that propose reporting revisions and revisions to other SSAPs will be presented for exposure to the full Working Group. It is expected that this will occur in the interim after the Spring National meeting. The ad hoc group has a call scheduled for March 30 to discuss a few lingering items, including viewpoints on the admittance cap. However, discussion and decisions on the admittance cap is expected to occur at the full Working Group level.

**c. Referral from Life Risk-Based Capital (E) Working Group (Robin)**

This is an update that NAIC staff will collaborate with interested parties in identifying possible clarifications to respond to the referral from the Life Risk-Based Capital (E) Working Group which was received at the 2025 Summer National Meeting. The referral forwarded comments received on proposal 2025-04-L Other Long-Term Assets (LR008). Specifically, the ACLI raised questions regarding AVR equity reporting lines for common stock in SCAs and other affiliates and requested clarifications to the AVR instructions. In simple summary, AVR line 15 is named SCA Common Stock – **Certain Other Subsidiaries** and line 16 is SCA Common Stock – **Other**, and the intent is to get clarification in determining what reported in each category. Some of the original language, which is from the 1990s seems to relate to SCA valuation categories, but over time, the distinction between the categories has become unclear.

**d. Review of U.S. GAAP Exposures (Jason/Robin)**

There are currently no exposure documents open for comment by the Financial Accounting Standards Board (FASB). Future exposed ASUs will be reviewed to determine whether comments are needed during the exposure process; otherwise, after issuance from FASB, items will be reviewed according to the SAP Maintenance Process as described in *Appendix F—Policy Statements*.

**e. IAIS Audit and Accounting Working Group (AAWG Update) – (Julie)**

Julie Gann and Maggie Chang (NAIC) monitor IAIS AAWG discussions. The last meeting was February 9, 2026 with Maggie Chang participating. Most of the items discussed were not relevant to the US or the SAPWG. Some items that may be of interest include the following:

- The AAWG discussed clarification of crypto assets. Consideration will occur on whether to classify crypto assets as intangible assets under the Insurance Capital Standard or to exclude them from qualifying capital resources.
- The AAWG reviewed themes identified from the public consultation of the Insurance Capital Standard (ICS) implementation and revisions to Insurance Core Principle (ICP) 9, Supervisory Reporting, and ICP 20, Public Disclosure. The AAWG members are providing written feedback by Feb. 26, 2026.

**Comment Deadline:**

- **All Agenda Items: Comment Deadline – May 1, 2026**

This date permits consideration of comments during the SAPWG May call which is scheduled for May 18. Industry are requested to coordinate with NAIC staff if any items need a longer comment period.

The Blanks (E) Working Group call to adopt revisions for year-end 2026 is May 28 at 11 Central / Noon Eastern.

[https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/03-23-26 Spring National Meeting/Meeting/0 - 12-9-2025 SAPWG Meeting Agenda.docx](https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National%20Meetings/A.%20National%20Meeting%20Materials/2026/03-23-26%20Spring%20National%20Meeting/Meeting/0-12-9-2025%20SAPWG%20Meeting%20Agenda.docx)