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Statutory Accounting Principles (E) Working Group

Virtual Meeting

May 22, 2025

The Statutory Accounting Principles (E) Working Group of the Accounting Practices and Procedures (E) Task Force met May 22, 2025. The following Working Group members participated: Dale Bruggeman, Chair (OH); Kevin Clark, Vice Chair (IA); Sheila Travis and Richard Russell (AL); Kim Hudson (CA); William Arfanis and Michael Estabrook (CT); Rylynn Brown (DE); Cindy Andersen (IL); Melissa Gibson and Shantell Taylor (LA); Steve Mayhew and Kristin Hynes (MI); Doug Bartlett (NH); Bob Kasinow (NY); Diana Sherman (PA); Jamie Walker (TX); Doug Stolte and Jennifer Blizzard (VA); and Amy Malm and Levi Olson (WI).

1. Reviewed Non-Contested Positions

The Working Group reviewed comments received on previously exposed items (Attachment XX).

1. Agenda Item 2023-24

Bruggeman directed the Working Group to agenda item 2023-24: Current Expected Credit Losses (CECL). Wil Oden (NAIC) stated that, at the request of regulators, this agenda item was drafted to preserve the pre-CECL U.S. generally accepted accounting principles (GAAP) impairment and other-than-temporary impairment (OTTI) guidance for historical reference. He stated that this item was last presented at the 2024 Summer National Meeting, and no comments were received during its last exposure. Oden stated that NAIC staff recommend that the Working Group adopt the exposed draft Issue Paper No. 171—Current Expected Credit Losses (CECL), with minor edits to clarify that the issue paper is intended for historical reference only and should not be construed as statutory guidance. Additionally, due to its size, NAIC staff recommend that the issue paper be posted electronically only and not included in the *Accounting Practices and Procedures Manual* (AP&P Manual).

1. Agenda Item 2025-04

Bruggeman directed the Working Group to agenda item 2025-04: Capital Structure Code. Julie Gann (NAIC) stated that this agenda item addresses the capital structure code. It proposes deleting specific columns from Schedule D-1-1 (Long-Term Bonds – Issuer Credit Obligations) and Schedule D-1-2 (Asset-Backed Securities). She stated that these columns currently indicate whether an investment is secured, senior secured, unsecured, or another classification. Gann stated that, while this information has proven useful for classifying securities, it was originally requested by the Valuation of Securities (E) Task Force and is derived from actual investment feeds rather than the data reported on Schedule D. Therefore, NAIC staff propose deleting the columns but retaining the associated commentary. Gann stated that, if adopted, this change will be implemented at year-end 2025.

Tip Tipton (Thrivent), representing interested parties, stated that interested parties fully support this proposal. He stated that, as regulators assess additional data points for potential removal, they remain open to suggestions while collaborating with NAIC staff to optimize the data provided.

1. Agenda Item 2025-06

Bruggeman directed the Working Group to agenda item 2025-06: AVR Line: Unrated Multi-Class Securities. Gann stated that this proposal recommends deleting Line 8 from the asset valuation reserve (AVR) schedule, formerly identified as "Unrated Multi-Class Securities Acquired by Conversion" and categorized under bonds in the AVR. She stated that the reasoning behind this deletion is that current reporting guidance for bonds does not necessitate information on this line and that historical review shows that the line has not been used over recent years. She stated that interested parties provided no comments regarding this deletion. Gann stated that the comments received at the Blanks (E) Working Group proposed combining this item with another blanks proposal that would be effective Jan. 1, 2026. She stated that NAIC staff do not support this delay because the line in question is redundant. She stated that to avoid triggering a system-wide renumbering of the AVR and the associated risk-based capital (RBC) formula, NAIC staff propose renaming the line to "Intentionally Left Blank" for the current year. Gann stated that this temporary measure ensures the line remains unused, intending to consider fully deleting the blank line and renumbering in 2026.

1. Agenda Item 2025-07

Bruggeman directed the Working Group to agenda item 2025-07: Dividend General Interrogatory Update. Jake Stultz (NAIC) stated that NAIC staff received a question about general interrogatory no. 14 in Part Two of the General Interrogatories in the Life, Accident and Health and Fraternal (Life/Fraternal) Annual Statement Blank. After reviewing it, NAIC staff noted that it appeared unnecessary and inconsistent with the other annual statement instructions. Specifically, the section addresses cumulative dividends and the type of assets that were distributed. He stated that NAIC staff recommended its removal. Interested parties support this recommendation, and its adoption will not affect statutory accounting as it only applies to the annual statement.

Clark made a motion, seconded by Malm, to adopt as final, agenda items 2023-24: Current Expected Credit Losses (CECL) (Attachment One-XX); 2025-04: Capital Structure Code (Attachment One-XX); 2025-06: AVR Line: Unrated Multi-Class Securities (Attachment One-XX); and 2025-07: Dividend General Interrogatory Update (Attachment One-XX). The motion passed unanimously.

1. Reviewed Comments on Exposed Items

The Working Group reviewed comments received on previously exposed items (Attachment One-XX).

1. Agenda Item 2024-07

Bruggeman directed the Working Group to agenda item2024-07: Reporting of Funds Withheld and Modco Assets. Stultz stated that this item addresses the current lack of clarity regarding the assets that support funds withheld and modified coinsurance (modco) reinsurance agreements, a point raised during discussions in the Interest Maintenance Reserve (IMR) Ad Hoc Group. He stated that to improve transparency, the proposal adds a new Schedule S, Part 8, to the life/fraternal annual statement, specifically reporting assets associated with funds withheld and modco reinsurance agreements. Stultz stated that this update affects reporting only and does not impact statutory accounting. He stated that interested parties have reviewed the proposal and supported the original edits the American Council of Life Insurers (ACLI) provided, with minor wording adjustments already incorporated. He stated that United Healthcare, a health insurer reporting on the life/fraternal blank, commented that although it has funds withheld and modco reinsurance agreements, it does not transfer investment risk. He stated that they requested that either these assets be scoped out or a method be devised to exclude them from the current reporting scope.

Bruggeman stated that additional feedback from interested parties resulted in several cleanup items. For example, a new line for "Cash and Cash Equivalents" has been added near the bottom of the schedule to avoid renumbering the entire document. Stultz stated that “Any Other Assets” will now be captured under the “All Other Investments,” ensuring comprehensive reporting for assets associated with funds withheld and modco reinsurance agreements.

Stultz stated that an interested party also submitted a question to the Blanks (E) Working Group regarding situations where a reporting lag prevents full asset information from being available. To address this, NAIC staff incorporated guidance from the RBC schedule, offering a consistent method to allocate known asset balances within the schedule. Stultz stated that the most significant revision in this final version is a scope change. He stated that the original proposal included all assets subject to a funds withheld and modco agreement. However, based on recent comments and to align with RBC, NAIC staff now recommend limiting the scope to only those assets that transfer investment risk. He stated that while this reflects the current objectives, NAIC staff acknowledge the possibility of expanding the scope in a future agenda item to include all funds withheld and modco assets.

Robin Marcotte (NAIC) stated that NAIC staff added references to lag reporting and the RBC amounts. She stated that narrowing the scope allows for a better comparison with RBC while allowing adoption for year-end 2025. She stated that the Working Group can later decide whether to expand the scope further for 2026.

Gann stated that all funds withheld and modco assets a reporting entity holds will continue to be captured in the restricted asset disclosure. She stated that the new Schedule S, Part 8, will focus solely on assets with investment risk transfer. She stated that regulators will still be able to identify the full universe of modco and funds-withheld assets through the restricted asset disclosure, while Schedule S, Part 8, will tie to the RBC formula to confirm accuracy.

Clark stated that not all products require investment risks to be transferred, but they could still be funds withheld, in which case Appendix A-791 does not require those assets to be segregated. Therefore, it is possible to have a funds-withheld agreement that does not restrict any particular assets. He stated that is why it would be very difficult if this scope was broadened to include all funds withheld when there are not necessarily specific assets tagged to the agreement to comply with this schedule requirement and there is nothing additional needed for next year because the scope as refined here matches what it should, which is those assets for which investment risk has been transferred and, therefore, are legally segregated and identifiable.

Bruggeman stated that NAIC staff have addressed the feedback and concerns, including those raised at the Spring National Meeting, and refined the scope accordingly. He stated that these adjustments adequately address United Healthcare’s concern; however, he is open to additional input, particularly from regulators.

Tipton stated concerns with the restricted asset disclosure in Note 5L, noting that several interested parties have asked whether this should now be tied to the new Schedule S, Part 8, and that, based on recent changes, it appears it will not. He stated that adding a brief clarification in future materials that Note 5L will remain separate from Schedule S, Part 8, would ensure regulators understand that they will receive the complete picture through the restricted asset disclosure. He stated that this clarification is merely to manage expectations and that it is important for ensuring that the data regulators need remains intact.

Bruggeman asked Tipton if he was suggesting that the Working Group might need to perform a reconciliation process or consider additional adjustments next year.

Tipton stated that Stultz mentioned the possibility of a second round, although Clark expressed doubts. He stated that it is important to manage expectations regarding the data provided by the industry and that they are open to adjustments next year, whether in Schedule S, Part 8, or another section. He stated that he is open to further discussion and collaboration on this matter.

Bruggeman stated that Tipton should consider commenting at the Summer National Meeting once he has a chance to review the details and see how other companies handle this issue. He said to notify NAIC staff in advance if the Working Group needs to consider anything for next year.

Tipton stated he was hearing two key points: 1) industry should ensure they have comprehensive documentation to complete this new schedule; and 2) industry should consider potential future changes. He stated that they can get this evaluated prior to the Summer National Meeting.

Angelica Sanchez (New York Life Insurance), representing interested parties, asked for clarification on whether the proposed additional edits state that only the portion of assets supporting the ceded or assumed liabilities should be included, meaning any amount exceeding the reserve should be excluded. She asked whether assets reported in the new Schedule Sshould be capped at the reserve credit value. She stated that two liabilities exist: the reserve credit taken by the insurance company and the funds withheld liability balance. She stated that she wanted to confirm that the reported assets on Schedule S should align with the reserve credit, not the funds withheld liability, acknowledging that these two figures may differ due to timing or other variables.

Marcotte stated that the intent was to ensure that the collateral reported on Schedule S aligned properly with the corresponding liabilities. Specifically, if there is 110% collateral, it should be capped at the liability amount rather than exceeding it. She stated that, with RBC, having excess collateral does not result in additional RBC credit. She stated that the goal was to match what would be taken as the RBC credit. Marcotte stated that, if this interpretation is incorrect, she is open to removing that phrase, but the underlying point remains that credit is not received for excess collateral beyond the liability.

Sanchez questioned whether the cap is determined by the funds withheld liability or based on the reserve credit.

Marcotte stated that NAIC staff’s understanding from reviewing the life RBC instructions is that the reserve credit was the cap.

Clark stated that the intent is for the amounts reported on this schedule to align with the C-1 credit taken on the RBC schedules. He stated that while this schedule is not necessarily tied to the total restricted assets under modco and funds withheld agreements in the footnote disclosure, there may be opportunities for further reconciliation in the future. He stated that the primary purpose of this schedule is to provide a detailed breakdown of what is used for RBC credit.

Bruggeman stated that with all these proposed changes, NAIC staff have provided a clear direction. He stated that Maggie Chang (NAIC) provided a message noting that the RBC instructions state, “In some instances, there may be assets in a trust that exceed the amount needed to support the liabilities; only the portion of assets used to support the ceded liabilities is used to determine the ceded RBC.” He stated that this aligns with the intended language reflected in the agenda item.

Clark made a motion, seconded by Hudson, to adopt as final, the draft of the new reporting schedule (included in Exhibit 1 of this Form A), which adds a new part to the reinsurance Schedule S in the life/fraternal annual statement blanks and instructions and recommends that the Blanks (E) Working Group move forward with the adoption of its corresponding agenda item 2025-05BWG. The adoption of this agenda item will not result in changes to statutory accounting. The motion passed unanimously.

1. Agenda Item 2025-05

Bruggeman directed the Working Group to agenda item 2025-05: Reinsurer Affiliated Assets. Gann stated that this item originated from a referral by the Financial Analysis (E) Working Group regarding funds withheld that are related to or affiliated with a reinsurer. She stated that, previously, the Working Group adopted the restricted asset disclosure to capture information on modco and funds withheld, and that the blanks templates for this disclosure are scheduled for adoption May 29. Gann stated that this proposal further expands the disclosure to specifically capture funds withheld assets that have a direct affiliation with the reinsurer. She stated that the structure is like the newer investment schedule reporting for related assets, where a coded classification (1–6) identifies the nature of the relationship between the investment and the reinsurer. Gann stated that the proposal seeks adoption at this meeting to be effective for year-end 2025. Additionally, the proposal recommends requiring the restricted asset disclosure in both quarterly and annual financial statements. Currently, it is mandated only for the annual statement, but given significant fluctuations observed in restricted asset disclosures, expanding to interim reporting would provide better transparency. She stated that, if adopted today, the disclosure will be updated for year-end 2025, with the quarterly reporting requirement taking effect in the first quarter of 2026.

Gann stated that comments were received from interested parties highlighting concerns about potential misleading information and the scope of the disclosure. They also raised practical considerations regarding data availability and suggested regulators weigh the benefits of the increased reporting frequency. She stated that some interested parties proposed limiting disclosure to assets with Level 3 fair value classifications. Gann stated that NAIC staff recommend adopting the revisions outlined in this agenda item to require disclosure when assets are affiliated with the reinsurer and expand the restricted asset reporting to both quarterly and annual statements. She stated that regulators should be aware of transactions involving affiliated assets, particularly when an asset manager acquires assets related to the reinsurer, and that timely reporting in quarterly financial statements would be beneficial. Gann stated that interested parties also provided feedback to the Blanks (E) Working Group. She said the feedback consisted primarily of editorial suggestions to ensure consistency between the quarterly and annual disclosures. She stated that some interested parties also questioned the necessity of quarterly reporting.

Shannon Jones (ACLI), representing interested parties, stated that interested parties feel this disclosure sets an unusual precedent, as it would require cedents to report related party investments of an unrelated entity. Jones said there are operational challenges to consider, particularly that reinsurers may not have a contractual obligation within the reinsurance agreement to disclose this information to the cedent. She stated that, while such communication may occur, it is not required, meaning it might not happen in practice.

Bruggeman stated that two key topics are being considered: 1) capturing and integrating information on restricted assets, specifically those held by unaffiliated reinsurers with affiliated investments; and 2) establishing consistency in reporting this information on a quarterly basis after year-end 2025. He stated that the Working Group can begin with a motion to adopt the recommendations outlined by NAIC staff and then proceed with further discussion and commentary, or the Working Group can defer action on this for now. He stated that if no action is taken, these changes cannot happen by year-end 2025.

Gann stated that Bruggeman is correct in that if the Working Group does not adopt at this meeting, the Blanks (E) Working Group would be unable to adopt its concurrent exposure at its May 29 meeting, resulting in the inability to have this data captured for year-end 2025.

Clark stated that narrowing the scope may resolve some concerns about completing the disclosure. Specifically, the disclosure could apply only when the reinsurer, an affiliate, or an asset manager affiliated with the reinsurer has discretion over investing the funds withheld assets. He stated that this issue becomes particularly relevant when the reinsurer manages the assets, as the cedent may not be aware that the reinsurer is investing in affiliated assets. Clark stated that this lack of visibility could contribute to the concerns being raised.

Bruggeman stated that regarding capturing and integrating information on restricted assets, the reinsurer's fund manager invests in assets that are subsequently recorded on the cedant's records. He stated that the reinsurer may also maintain its own investments. In that situation, the reinsurer might operate in a reciprocal jurisdiction, as a certified reinsurer, or under another, where collateral may or may not be provided directly. He stated that even when collateral is collected, the cedent should be aware of the types of investments held, as these represent a credit risk in dealings with the reinsurer. He stated that one of the issues raised in the Financial Analysis (E) Working Group referral was the need to clearly show that there are affiliated investments not related to the ceding entity. He stated that, in some cases, these investments could be used in ways that the cedent is unaware of and that Jones appears to be describing items that are not necessarily covered by the reinsurance agreement. He stated that perhaps these items should be incorporated into the reinsurance agreement or re-evaluated from that perspective; however, that is beyond the Working Group’s purview. He stated that the Working Group’s sole focus is on obtaining the appropriate disclosure.

Gann stated that the goal is to capture information regarding asset affiliation. She stated that the focus is on non-affiliated reinsurers because when a reinsurer is affiliated, it is evident that the funds withheld would by default be affiliated with the reinsurer. She stated that the intent is to determine, for non-affiliated reinsurers, whether the funds withheld assets held by the cedent are indeed affiliated with that reinsurer. Gann stated that she agrees with Clark that the primary focus is to capture information about reinsurers managing these assets and transitioning them toward an affiliated status. However, the proposal was not specifically scoped to track that process. She stated that its intent was simply to identify all assets affiliated with the reinsurer.

Bruggeman stated that it is the most identifiable indicator as it reflects what is recorded on the insurer's books, and that the proposal is seeking disclosure on whether the reinsurer is investing in affiliated assets.

Clark stated that, as he understands it, the scope of this disclosure is limited to the assets in the ceding company's books and does not require disclosure of the reinsurer's assets.

Gann confirmed that these are only for if the cedant has funds withheld that are reported as assets on their books, and then those assets are affiliated with the corresponding reinsurer.

Clark stated that he understands the concern when the ceding company manages the assets and the reinsurer is not involved. In such cases, the ceding company might inadvertently invest in a bond issued by a company affiliated with the reinsurer without realizing it. However, if the reinsurer is actively managing the investments and they invest in an affiliated bond, they should be able to report that to the ceding company, allowing the ceding company to be aware of any potential conflicts of interest. He stated that this is the situation being addressed, which may alleviate concerns about whether that information can be obtained.

Bruggeman stated that since these assets are on the cedants’ books, they should be aware of how and from whom they were acquired. He stated that while a reinsurer's affiliate does not inherently create a conflict of interest, there is potential for one. Bruggeman asked for a motion to adopt the disclosure that identifies the funds withheld assets held by the ceding company, which are related to or affiliated with the reinsurer.

Hudson made a motion, seconded by Taylor, to proceed with adoption of the revisions captured in this agenda item to both 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. No modifications are proposed to the disclosure based on the interested parties’ comments. For clarity, with adoption, the entire restricted asset disclosure will be required in all quarterly and annual financial statements, including the reinsurer-affiliated asset disclosure. This update to the data captured notes will be effective for year-end 2025, and the quarterly reporting will be initially required in the first quarter of 2026. The motion passed unanimously.

1. Agenda Item 2025-08

Bruggeman directed the Working Group to agenda item 2025-08: Medicare Part D Prescription Drug Payment Plan Disclosures*.* Marcotte stated that at the Spring National Meeting, the Working Group presented revisions to *Statement of Statutory Accounting Principles (SSAP) No. 84—Health Care and Government Insured Plan Receivables*. She stated that these revisions introduced additional disclosures for Medicare Part D prescription payment plan receivables, specifically addressing the aging of these recoverables and the amount of write-offs included in claims. This agenda item was presented concurrently with the Blanks (E) Working Group proposal 2025-04BWG, which enables initial reporting at year-end 2025.

Marcotte stated that the Working Group received feedback from AHIP, Blue Cross Blue Shield Association (BCBSA), and other interested parties and that comments were also shared with the Blanks (E) Working Group. She stated that NAIC staff recommend adopting the revised disclosures with one minor change. She stated that interested parties suggested making the language regarding the current reporting period and the prior year consistent in Note 28C(1), corresponding to SSAP No. 84, paragraph 25a. She stated that, upon review, NAIC staff determined that prior year information does not need to be disclosed. Therefore, NAIC staff recommend deleting references to the prior year in both SSAP No. 84, paragraph 25a, and Note 28C(1). She stated that this revision has been communicated to the Blanks (E) Working Group and, with its adoption, NAIC staff will support the Blanks (E) Working Group's modifications, which include removing a minor wording difference and deleting a prior year column from their illustration.

Hudson made a motion, seconded by Sherman, to adopt as final the exposed revisions that add disclosures about the Medicare Part D Prescription Payment Plan receivables to SSAP No. 84, with a minor edit to delete the prior year in SSAP No. 84, paragraph 25a. The motion passed unanimously.

1. Considered Maintenance Agenda—Pending Listing

Hudson made a motion, seconded by Sherman, to expose the clarifications to statutory accounting guidance in agenda items 2025-13, 2025-14, 2025-15, 2025-16, and 2025-17EP for a 32-day public comment period ending June 23.

1. Agenda Item 2025-13

Bruggeman directed the Working Group to agenda item2025-13: Residential Mortgage Loans Held in Statutory Trusts*.* Oden stated that this agenda item was drafted in response to comments on agenda item 2024-21: Investment Subsidiaries. He stated that those comments indicated that the growth in investment subsidiaries is largely due to the increased use of Delaware Statutory Trusts (DSTs). Unlike common law trusts, DSTs are established under Delaware statutory trust laws and offer significant flexibility when structuring the trust. Oden stated that this proposal seeks to develop accounting and reporting guidance for qualifying trust structures that hold residential mortgage loans within the scope of *SSAP No. 37—Mortgage Loans*. He stated that, rather than singling out DSTs, this guidance applies to all statutory trusts regardless of their state of formation. For statutory trusts that meet the qualifying criteria, the proposal would require individual reporting of residential mortgage loans held within statutory trusts on Schedule B—Mortgage Loans, along with additional disclosures. He stated that NAIC staff recommend moving this item to the active listing as a statutory accounting principle (SAP) clarification and exposing revisions to SSAP No. 37.

Oden stated that the agenda item proposes adding qualifying investment trusts holding residential mortgage loans within the scope of SSAP No. 37 and requires that these loans be reported on Schedule B. He stated that NAIC staff are specifically requesting comments on the defined requirements for qualifying trusts and the proposed reporting format. Oden stated that the proposal targets statutory trusts holding only residential mortgage loans. This ensures transparency by avoiding the mixing of different types of mortgage loans within a single trust, which could obscure the details. He stated that it has been noted that these trusts are primarily used for holding residential mortgage loans, so the guidance aligns with current usage. Oden stated that the agenda item proposes separate reporting of individual residential mortgage loans on Schedule B, consistent with existing annual statement instructions. He stated that discussions with industry have revealed inconsistencies in reporting practices, as some entities aggregate mortgage loans by trust, while others report individually. He stated that comments are requested on whether individual loan reporting is preferred or if aggregate reporting should be allowed. Oden stated that one concern with individual reporting is the potential for high volumes of residential mortgage loans. However, individual reporting might simplify the reporting process as insurers will likely already have mortgage loan detail listings on hand for each statutory trust.

1. Agenda Item 2025-14

Bruggeman directed the Working Group to agenda item2025-14: ASU 2017-05, Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets.Oden stated that this agenda item was drafted in response to *Accounting Standards Update (ASU) 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20),* *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*. He stated that it amends the U.S. GAAP guidance on *Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets*, which originated from *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*, guidance previously determined by the Working Group to be not applicable to SAPs. He said that NAIC staff recommend moving this agenda item to the active listing, categorizing it as a SAP clarification, and exposing revisions in Appendix D to reject ASU 2017-05 as not applicable to statutory accounting since this ASU modifies guidance already rejected.

1. Agenda Item 2025-15

Bruggeman directed the Working Group to agenda item2025-15: ASU 2025-02, SEC Updates. Oden stated that this is a U.S. Securities and Exchange Commission (SEC) update regarding the issuance of another SEC bulletin, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121*. He stated that the Working Group previously reviewed and rejected Staff Accounting Bulletin (SAB) No. 121 and since this ASU rescinds that bulletin, NAIC staff recommend moving this agenda item to the active listing, categorizing it as a SAP clarification, and exposing revisions rejecting this ASU in Appendix D to reject ASU 2025-02 as not applicable to statutory accounting since this ASU rescinds guidance already rejected.

1. Agenda Item 2025-16

Bruggeman directed the Working Group to agenda item2025-16: Status Section Updates. Marcotte stated that this agenda item updates the status section of the statements of SAPs. She stated that the key changes include changing “substantively revised” to “conceptually revised” and removing issue paper references. Marcotte stated that these updates streamline the document while still allowing users to track revisions via the effective date section and other parts of the SSAP. She stated that the agenda item includes a list of SSAPs that are expected to be impacted, but any additional updates discovered while preparing the publication for release will also be incorporated. These revisions are not proposed to be tracked in the publication. She recommended moving this agenda item to the active listing, categorizing it as a SAP clarification, and exposing the intent to make the revisions described in the agenda item.

1. Agenda Item 2025-17EP

Bruggeman directed the Working Group to agenda item2025-17EP: Editorial Process – May 2025. Gann stated that four editorial items were included in the proposed revisions. She stated that NAIC staff received feedback that the maturity categories in *SSAP No. 26—Bonds*, which correspond to Schedule D, Part 1A, do not align with those in the actual schedule. NAIC staff propose a minor revision to ensure the maturity categories match. She stated that there is a remaining reference to a credit rating provider (CRP) designation in *SSAP No. 41—Surplus Notes*. Since this was updated last year with a capital note item, NAIC staff recommend deleting that reference. She stated that NAIC staff propose deleting an additional disclosure in *SSAP No. 56—Separate Accounts*, corresponding to the separate account revisions made last year. Gann stated that in *INT 22-01: Freddie Mac When-Issued K-Deal (WI Trust) Certificates*, the section on the Federal Home Loan Mortgage Corporation (Freddie Mac) when-issued K-Deals still quotes outdated *SSAP No. 43R—Loan-Backed and Structured Security* language. NAIC staff propose deleting this outdated reference. Gann stated that NAIC staff recommend moving this agenda item to the active listing, categorizing it as a SAP clarification, and exposing the editorial revisions.

Having no further business, the Statutory Accounting Principles (E) Working Group adjourned.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2025/08-11-25 Summer National Meeting/Hearing/03 - Meeting Minutes 05-22-25.docx