

Draft date: 7/24/24

2024 Summer National Meeting  
Chicago, Illinois

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

Wednesday, August 14, 2024

11:30 a.m. – 12:00 p.m. CDT

McCormick Place Convention Center—S105—Level 1

**ROLL CALL**

Cassie Brown, Chair	Texas	Mike Chaney	Mississippi
Mike Causey, Vice Chair	North Carolina	Chlora Lindley-Myers	Missouri
Mark Fowler	Alabama	Eric Dunning	Nebraska
Lori K. Wing-Heier	Alaska	D.J. Bettencourt	New Hampshire
Alan McClain	Arkansas	Justin Zimmerman	New Jersey
Ricardo Lara	California	Adrienne A. Harris	New York
Andrew N. Mais	Connecticut	Jon Godfread	North Dakota
Trinidad Navarro	Delaware	Judith L. French	Ohio
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
Michael Yaworsky	Florida	Andrew R. Stolfi	Oregon
Michelle B. Santos	Guam	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Michael Wise	South Carolina
Doug Ommen	Iowa	Larry D. Deiter	South Dakota
Vicki Schmidt	Kansas	Carter Lawrence	Tennessee
Sharon P. Clark	Kentucky	Jon Pike	Utah
Timothy J. Temple	Louisiana	Kevin Gaffney	Vermont
Robert L. Carey	Maine	Scott A. White	Virginia
Kevin P. Beagan	Massachusetts	Mike Kreidler	Washington
Anita G. Fox	Michigan	Nathan Houdek	Wisconsin
Grace Arnold	Minnesota		

NAIC Support Staff: Robin Marcotte

**AGENDA**

1. Consider Adoption of its Spring National Meeting Minutes Attachment One  
—*Jamie Walker (TX)*
2. Consider Adoption of its 2025 Proposed Charges—*Jamie Walker (TX)* Attachment Two



3. Consider Adoption of its Working Group Reports
  - A. Statutory Accounting Principles (E) Working Group—*Dale Bruggeman (OH)*
  - B. Blanks (E) Working Group—*Debbie Doggett (MO)*
4. Discuss Any Other Matters Brought Before the Task Force—*Jamie Walker (TX)*
5. Adjournment

Attachment Three  
Attachment Four

## Draft Pending Adoption

Draft: 3/27/24

Accounting Practices and Procedures (E) Task Force  
Phoenix, AZ  
March 17, 2024

The Accounting Practices and Procedures (E) Task Force met in Phoenix, AZ, March 17, 2024. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Mike Causey, Vice Chair, represented by Jackie Obusek (NC); Mark Fowler represented by Todrick Burks and Blase Abreo (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Laura Clements and Kim Hudson (CA); Andrew N. Mais represented by Kenneth Cotrone (CT); Karima M. Woods represented by N. Kevin Brown (DC); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Carolyn Morgan and Jane Nelson (FL); Doug Ommen represented by Kevin Clark (IA); Dean L. Cameron represented by Eric Fletcher (ID); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Jeff Gaither (KY); Gary D. Anderson represented by John Turchi (MA); Robert L. Carey represented by Vanessa Sullivan (ME); Anita G. Fox represented by Judy Weaver (MI); Grace Arnold represented by Barbara Carey (MN); Chlora Lindley-Myers represented by John Rehagen (MO); Mike Chaney represented by Josh Ammerman (MS); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Andrea Johnson (NE); D.J. Bettencourt represented by Doug Bartlett and Pat Gosselin (NH); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); Andrew R. Stolfi represented by (OR); Michael Humphreys (PA); Michael Wise represented by Ryan Basnett (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Joy Little (TN); Scott A. White represented by Doug Stolte and Greg Chew (VA); Kevin Gaffney represented by Karen Ducharme and Dan Petterson (VT); Mike Kreidler represented by Steve Drutz (WA); Nathan Houdek represented by Amy Malm (WI).

### 1. Adopted its 2023 Fall National Meeting Minutes

Walker directed the Task Force to its 2023 Fall National Meeting minutes.

Obusek made a motion, seconded by Malm, to adopt the Task Force's Dec. 2, 2023, minutes (*see NAIC Proceedings Fall 2023, Accounting Practices and Procedures (E) Task Force*). The motion passed unanimously.

### 2. Adopted the Report of the Statutory Accounting Principles (E) Working Group

Bruggeman provided the report of the Statutory Accounting Principles (E) Working Group, which met March 16. During this meeting, the Working Group adopted its Feb. 20, 2024; Jan. 29, 2024; Jan. 10, 2024; and 2023 Fall National Meeting minutes.

During its Feb. 20, 2024, meeting, the Working Group:

- A. Exposed revisions to *Statement of Statutory Accounting Principles (SSAP) No. 21R—Other Admitted Assets* to incorporate a new measurement method for residual interests. The revisions incorporate industry's proposal of an "effective yield with a cap" method, as well as a practical expedient to allow the "cost recovery" method. (Ref #2019-21)
- B. Exposed revisions to provide detailed definitions for the annual statement reporting categories of *SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies* and residual interests on Schedule BA. (Ref #2023-16)

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- C. Adopted revisions to SSAP No. 21R to incorporate a collateral loan disclosure for year-end 2024 to detail admitted and nonadmitted collateral loans in accordance with the underlying collateral supporting the loan. The Working Group also exposed additional changes that propose collateral loan reporting lines for Schedule BA and requested comments on whether certain collateral loans backed by certain types of collateral should flow through asset valuation reserve (AVR) for risk-based capital (RBC) impact. (Ref #2023-28)
- D. Directed NAIC staff to draft an agenda item in response to a referral from the Life Risk-Based Capital (E) Working Group regarding proposed RBC changes for repurchase agreements originating from the American Council of Life Insurers (ACLI).

During its Jan. 29 e-vote, the Working Group voted to expose the new market tax credit project for additional revisions made to the drafts of *SSAP No. 93—Low-Income Housing Tax Credit Property Investments* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*. These revisions recommend minor consistency and clarifying changes to SSAP No. 93 and SSAP No. 94R, as well as more detailed revisions to the prospective utilization assessment detailed in SSAP No. 93. (Ref #2022-14)

During its Jan. 10, 2024, meeting, the Working Group:

- A. Adopted revisions to reject *Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses on Financial Instruments (CECL)* and related subsequent ASUs in various SSAPs and *Interpretation (INT) 06-07: Definition of Phrase “Other Than Temporary.”* (Ref #2023-24)
- B. Adopted *INT 23-04: Scottish Re Life Reinsurance Liquidation Questions*, which provides accounting and reporting guidance for ceding entities with reinsurance balances to or from Scottish Re, a U.S.-based life reinsurer in liquidation.
- C. Exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to allow the quick identification of the type of collateral that supports collateral loans admittance. (Ref #2024-01)

Bruggeman stated that at its March 16 meeting the Working Group adopted revisions to *SSAP No. 34—Investment Income Due and Accrued*, SSAP No. 48, SSAP No. 93, and SSAP No. 94R, effective Jan. 1, 2025. The revisions provide new concept revisions and new titles for *SSAP No. 93R—Investments in Tax Credit Structures* and *SSAP No. 94R—State and Federal Tax Credits* which expands the scope of both SSAPs, and consistency revisions to SSAP No. 34 and SSAP No. 48. The Working Group directed NAIC staff to sponsor a blanks proposal on the annual statement reporting categories for tax credit investment RBC, issue a referral to the Life Risk-Based Capital (E) Working Group to inform it of the planned reporting line changes, and draft an issue paper to document the discussions and revisions for the new market tax credit project. (Ref #2022-14)

Bruggeman stated that the Working Group adopted the following clarifications to statutory accounting guidance:

- A. SSAP No. 21R: Adopted revisions to incorporate a new measurement method for residual interests, which incorporate industry’s proposal of an “effective yield with a cap” method, as well as a practical expedient to allow the “cost recovery” method. (Ref #2019-21)
- B. *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities*: Adopted revisions that update the language in SSAP No. 97, paragraph 24, on audits and admissibility to better align with guidance in paragraphs 26 and 27 on the look-through methodology. (Ref #2023-30)

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- C. *Annual Statement Instructions*: Adopted revisions that will be forwarded as a proposal to the Blanks (E) Working Group to clarify that realized gains and losses on perpetual preferred stock and mandatory convertible preferred stock shall not be added to the interest maintenance reserve (IMR), regardless of NAIC designation, and shall follow the same concepts that exist for common stock in reporting through the AVR. (Ref #2023-29)
- D. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting principles (GAAP) standards were rejected as they are not applicable to statutory accounting:
  - i. *ASU 2023-03, Amendments to U.S. Securities and Exchange Commission (SEC) Paragraphs* (Ref #2023-25)
  - ii. *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)

Mr. Bruggeman stated that the Working Group exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending May 31, except for agenda item 2024-13, which has a public comment period ending April 19:

- A. *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Exposed revisions to eliminate lingering references that imply that asset-backed securities (ABS), mortgage loans, or other Schedule BA: Other long-term invested assets items are permitted to be reported in the scope of SSAP No. 2R. (Ref #2024-09)
- B. *SSAP No. 15—Debt and Holding Company Obligations and SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*: Exposed revisions to adopt, with modification, disclosures from *ASU 2023-06, Disclosure Improvements*. The additional disclosures are for unused commitments and lines of credit, disaggregated by short-term and long-term, and disclosures of accrued interest from repos and securities borrowing, separate disclosure of significant (10% of admitted assets) reverse repos, and counterparty disclosures for repos and reverse repos that are significant (10% of adjusted capital and surplus). (Ref #2023-26)
- C. *SSAP No. 19—Furniture, Fixtures, Equipment, and Leasehold Improvements and SSAP No. 73—Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities*: Exposed revisions to adopt, with modification, the leasehold improvement guidance from *ASU 2023-01, Leases (Topic 842), Common Control Arrangements*, modified to align with existing guidance, and reject the practical expedient for private companies and not-for-profit entities. (Ref #2024-02)
- D. *SSAP No. 20—Nonadmitted Assets*: Exposed revisions to SSAP No. 20 that clarify that directly held crypto assets are nonadmitted assets for statutory accounting and to adopt the definition of crypto assets from *ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60), Accounting for and Disclosure of Crypto Assets*. (Ref #2024-03)
- E. *SSAP No. 25—Affiliates and Other Related Parties, SSAP No. 63—Underwriting Pools, and INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*: The Working Group exposed revisions to SSAP No. 63 and SSAP No. 25 to address transfers of assets when modifying intercompany pooling agreements. The Working Group also exposed the intent to nullify INT 03-02. (Ref #2022-12)
- F. *SSAP No. 26R—Bonds*: Re-exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to allow for quick identification of the type of collateral that supports admittance of collateral loans and define debt issued by funds operations. It was noted during discussion that no

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collateral loans should be included in the private equity line because there is already a separate collateral loan reporting line. (Ref #2024-01)

- G. SSAP No. 26R, SSAP No. 21R, *SSAP No. 30R—Unaffiliated Common Stock*, *SSAP No. 32R—Preferred Stock*, *SSAP No. 43R—Loan-Backed and Structured Securities*, and SSAP No. 48: Exposed revisions to incorporate consistency revisions for residuals so that all SSAPs refer to SSAP No. 21R for the formal definition and accounting and reporting guidance. (Ref #2024-08)
- H. *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures*: Exposed revisions to incorporate Financial Accounting Standard (FAS) 105 guidance directly into SSAP No. 27 and update the related annual statement instructions to more accurately reflect the existing required disclosures. (Ref #2024-12)
- I. *SSAP No. 56—Separate Accounts*: Exposed the agenda item and directed NAIC staff to work with industry in determining current applications/differences in interpretations for the reporting of book value assets and to propose revisions to incorporate a consistent statutory accounting approach. (Ref #2024-10)
- J. *SSAP No. 61R—Life, Deposit-Type, and Accident and Health Reinsurance*: Exposed revisions to incorporate guidance to SSAP No. 61R that is consistent with the guidance currently in *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A Implementation Questions and Answers, question 10. This guidance requires risk transfer to be evaluated in aggregate for contracts with interrelated contract features such as experience rating refunds. The Working Group also added reference to A-791, paragraph 6 guidance in the yearly renewable term guidance paragraph regarding the entirety of the contract. (Ref #2024-06)
- K. *SSAP No. 101—Income Taxes*: Exposed revisions to adopt, with modification, *ASU 2023-09, Improvements to Income Tax Disclosures* that would add certain disclosures from ASU 2023-09 and remove one existing disclosure to conform with the ASU. (Ref #2024-11)
- L. SSAP No. 103R: The Working Group exposed the agenda item and directed NAIC staff to work with industry in determining current application/interpretation differences on the reporting of securities lending collateral and repurchase agreement collateral for possible consistency revisions. (Ref #2024-04)
- M. *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act*: Exposed revisions to remove disclosures for the expired transitional reinsurance and risk corridors programs. (Ref #2024-13)
- N. *Accounting Practices and Procedures Manual (AP&P Manual) Editorial Revisions*: Exposed editorial revisions remove the “Revised” and “R,” which were previously intended to identify a substantively revised SSAP, from SSAP titles and SSAP references within the AP&P Manual. (Ref #2024-14EP)
- O. *Appendix A-791 Life and Health Reinsurance Agreements (A-791)*: Exposed revisions to remove the first sentence of the A-791, paragraph 2c’s Question and Answer. In addition, the Working Group directed notification of the exposure to the Valuation Analysis (E) Working Group, the Life Actuarial (A) Task Force, and the Reinsurance (E) Task Force. (Ref #2024-05)
- P. *Annual Statement Blanks*: Exposed a project that proposed to add a new part to the reinsurance Schedule S in the life/fraternal and health annual statement blanks and Schedule F in the property/casualty (P/C) and title annual statement blanks, which is similar in structure to Schedule DL and would include all assets held under a funds withheld arrangement and would include a separate signifier for modified coinsurance assets. (Ref #2024-07)

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

- A. *SSAP No. 58—Mortgage Guaranty Insurance*: The Working Group directed NAIC staff to develop updates to SSAP No. 58 and *Appendix A-630 Mortgage Guaranty Insurance* to incorporate the 2023 revisions to the *Mortgage Guaranty Insurance Model Act (#630)*. (Ref #2023-31)

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

- A. U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.
- B. IMR Ad Hoc Group activities.
- C. International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities.

Bruggeman made a motion, seconded by Clark, to adopt the report of the Statutory Accounting Principles (E) Working Group (Attachment One). The motion passed unanimously.

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

Gosselin provided the report of the Blanks (E) Working Group, which met Feb. 21. During this meeting, the Working Group took the following action: 1) adopted its Nov. 7, 2023, minutes; and 2) re-exposed the following proposal for an additional public comment period:

- A. 2023-12BWG Modified – Categorize debt securities on Schedule BA that do not qualify as bonds under SSAP No. 26R or SSAP No. 43R and are captured in the scope of SSAP No. 21R.

Gosselin stated that the Working Group adopted its editorial listing and the following proposals:

- A. 2023-05BWG Modified – Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for identity theft insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown from data collection and remove the question in the interrogatories regarding tail policies.
- B. 2023-13BWG Modified – Add new instruction and illustration under Note 5 – Investments for Net Negative (Disallowed) IMR and a new general interrogatory for a company attestation.
- C. 2023-14BWG Modified – Revise the health test language and general interrogatories.
- D. 2023-15BWG Modified – Add a new general interrogatory to the Life General Interrogatories Part 2 to provide needed information for completing the C-2 mortality risk in the life RBC.
- E. 2023-16BWG Modified – Change Schedule P in the property/casualty blank to show 10 years of data and a “prior” row for all lines of business beginning in 2024. This modifies requirements for seven lines of business that currently only show two years of data and a “prior” row.

Gosselin stated that the Working Group exposed six new items for a comment period ending April 23.

## **Draft Pending Adoption**

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

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

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**2025 Proposed Charges - As Tracked Changes to 2024 Charges****ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE**

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

**Ongoing Support of NAIC Programs, Products, or Services**

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

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

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

NAIC Support Staff: Robin Marcotte

2024 Summer National Meeting  
Chicago, Illinois

**STATUTORY ACCOUNTING PRINCIPLES (E) WORKING GROUP**

Tuesday, August 13, 2024

9:00 – 11:00 a.m.

**Meeting Summary Report**

The Statutory Accounting Principles (E) Working Group met Aug. 13, 2024. During this meeting, the Working Group:

1. Adopted its Spring National Meeting minutes.
2. Adopted its May 15, 2024, minutes. During this meeting, the Working Group took the following action:
  - A. Adopted support and sponsorship for the Schedule BA modified blanks proposal 2023-12BWG, which incorporates revisions for non-bond debt securities pursuant to the principles-based bond project effective Jan. 1, 2025. (Ref #2023-16)
  - B. Adopted revisions to *Statement of Statutory Accounting Principles (SSAP) No. 107—Risk-Sharing Provisions of the Affordable Care Act*, which removed the transitional reinsurance program and risk corridor disclosures as both programs have expired. In addition, the roll-forward illustration in Exhibit B was revised to remove the portion for the transitional reinsurance program and the risk corridors program. (Ref #2014-13)
  - C. Exposed revisions to the *Issue Paper No. 169: Principles-Based Bond Project*, detailing the discussions and decisions underlying the principles-based bond project. (Ref #2019-21)
3. Adopted the following clarifications to statutory accounting guidance:
  - A. *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Adopted revisions to eliminate lingering references that imply that asset-backed securities (ABS), mortgage loans, or other Schedule BA: Other Long-Term Invested Assets items are permitted to be reported as cash equivalents or short-term investments. (Ref #2024-09)
  - B. *SSAP No. 15—Debt and Holding Company Obligations* and *SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*: Adopted, with modification, disclosures from *Accounting Standards Update (ASU) 2023-06, Disclosure Improvements* for unused commitments and lines of credit, disaggregated by short-term and long-term, and disclosure of cash flows from derivatives. The remaining disclosures related to repurchase and reverse repurchase agreements were added to agenda item 2024-04 for further consideration as part of that project. (Ref #2023-26)
  - C. *SSAP No. 19—Furniture, Fixtures, Equipment, and Leasehold Improvements* and *SSAP No. 73—Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities*: Adopted, with modification, the leasehold improvement guidance from *ASU 2023-01, Leases (Topic 842), Common Control Arrangements*, modified to align with existing guidance, and reject the practical expedient for private companies and not-for-profit entities. (Ref #2024-02)
  - D. *SSAP No. 20—Nonadmitted Assets*: Adopted revisions clarify that directly-held crypto assets are non-admitted assets and adopt the definition of crypto assets from *ASU 2023-08, Intangibles—*

- Goodwill and Other—Crypto Assets (Subtopic 350-60), Accounting for and Disclosure of Crypto Assets.* (Ref #2024-03)
- E. *SSAP No. 25—Affiliates and Other Related Parties, SSAP No. 63—Underwriting Pools, and Interpretation (INT) 03-02: Modification to an Existing Intercompany Pooling Arrangement:* Adopted revisions address transfers of assets when modifying intercompany pooling agreements and nullify INT 03-02. (Ref #2022-12)
  - F. *SSAP No. 26R—Bonds, SSAP No. 21R—Other Admitted Assets, SSAP No. 30R—Unaffiliated Common Stock, SSAP No. 32R—Preferred Stock, SSAP No. 43R—Loan-Backed and Structured Securities, and SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies:* Adopted revisions refer to SSAP No. 21R for the residual definition and accounting and reporting guidance. (Ref #2024-08)
  - G. *Accounting Practices and Procedures Manual (AP&P Manual) Editorial Revisions:* Adopted revisions remove the “Revised” and “R,” previously intended to identify a substantively revised SSAP, from SSAP titles and SSAP references within the AP&P Manual. (Ref #2024-14EP)
  - H. *Principles-Based Bond Project Issue Paper:* Adopted issue paper No. 169, which details the discussions and decisions underlying the principles-based bond project. (Ref #2019-21)
4. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending Sept. 27, except for agenda items 2024-10 and 2024-15, which have a public comment period ending Nov. 8 and agenda item 2024-01, which has a public comment period ending Sept. 6.
    - A. *SSAP No. 26R:* Exposures clarifies the guidance for debt securities issued by funds with language added to clarify U.S. Securities and Exchange Commission (SEC) registration is a practical safe harbor and should not be utilized as a proxy for other debt securities issued by funds. Debt securities issued by funds must be classified in accordance with the issuer’s primary purpose. (Ref #2024-01)
    - B. *SSAP No. 48, SSAP No. 93R—Investments in Tax Credit Structures, and SSAP No. 94R—State and Federal Tax Credits:* Exposure includes clarifications to the accounting guidance. (Ref #2024-18)
    - C. *SSAP No. 56—Separate Accounts:* Exposure expands the measurement method guidance and specifies the process to transfer assets for cash between the general account and book-value separate accounts. (Ref #2024-10)
    - D. *SSAP No. 61R—Life, Deposit-Type, and Accident and Health Reinsurance:* Re-exposed revisions to incorporate guidance consistent with *SSAP No. 62R—Property and Casualty Reinsurance*, Exhibit A Implementation Questions and Answers, question 10. This guidance requires risk transfer to be evaluated in aggregate for contracts with interrelated contract features, such as experience rating refunds. Also exposed reference to A-791, paragraph 6, guidance for yearly renewable term contracts regarding the entirety of the contract. (Ref #2024-06)
    - E. *SSAP No. 86—Derivatives:* Exposed concept agenda item to consider new guidance for interest-rate hedging derivatives that do not qualify as accounting effective hedges under SSAP No. 86 but are used for asset-liability management (ALM). (Ref #2024-15)
    - F. *SSAP No. 86:* Exposed revisions to address debt security investments with derivative components that do not qualify as structured notes. The proposed guidance would require separation of the derivatives from the debt security and be applicable to “credit repack” investments and any type of debt security with derivative wrappers or components. (Ref #2024-16)

- G. *SSAP No. 101—Income Taxes*: Exposed revisions to reject, with modification, *ASU 2023-09, Improvements to Income Tax Disclosures*. The exposure also proposes to remove one of the existing disclosures detailed within the ASU. (Ref #2024-11)
  - H. *SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees*: Exposed revisions update the definition of a clearly defined hedging strategy (CDHS) to reflect the revised guidance pursuant to *Valuation Manual (VM)-01*. (Ref #2024-17)
  - I. *Appendix A-791 Life and Health Reinsurance Agreements (A-791)*: Re-exposed revisions remove the first sentence of the A-791, paragraph 2c’s Question and Answer. (Ref #2024-05)
  - J. *Annual Statement Blanks*: Exposed a new part to the reinsurance Schedule S in the life/fraternal and health annual statement blanks and Schedule F in the property/casualty (P/C) and title annual statement blanks to capture information on modified coinsurance (modco) and funds withheld. (Ref #2024-07)
  - K. *Annual Statement Blanks*: Exposed revisions to provide more granular reporting lines for Collateral Loans. (Ref #2023-28)
  - L. *Conforming Repurchase Agreements*: Exposed memo which details an overview and discussion of securities lending and repurchase/reverse repurchase agreements. (Ref #2024-04)
  - M. *Current Expected Credit Losses (CECL) Issuer Paper*: Exposed the issue paper drafted to document pre-CECL generally accepted accounting principles (U.S. GAAP) impairment guidance for historical purposes. (Ref #2023-24)
  - N. *New Market Tax Credit Project Issue Paper*: Exposed the issue paper detailing the discussions and decisions underlying the new market tax credit project. (Ref #2022-14)
  - O. *Appendix D—Nonapplicable U.S. GAAP Pronouncements*: Exposed agenda item to reject *ASU 2024-02, Codification Improvements* as not applicable to statutory accounting. (Ref #2024-19)
  - P. *Bond Project Q&A*: Exposed the Question-and-Answer Implementation Guide (Q&A), which addresses topics in applying the principles-based bond definition. (Ref #2019-21)
5. Directed NAIC staff on the following items:
- A. *SSAP No. 27—Off-Balance-Sheet and Credit Risk Disclosures*: Deferred action to allow NAIC staff additional time to confer with interested parties. (Ref #2024-12)
6. Received updates on the following:
- A. U.S. GAAP exposures, noting that items will be addressed during the normal maintenance process.
  - B. *Valuation Manual* adoptions and updates were received, noting that no items were identified which require coordination under the *NAIC Policy Statement on Coordination with the Valuation Manual*.
  - C. Interest Maintenance Reserve (IMR) Ad Hoc group activities. In addition to an update on the group’s discussions, this update identified that companies are not consistently reflecting negative IMR in cash flow testing (CFT). Information was also shared at the Life (A) Actuarial Task Force and Chief Financial Regulators on examples of the correct, incorrect and potential misreporting that has been noted to assist with review of domiciliary companies.
  - D. Bond Project Implementation. This update informed that an NAIC self-study educational program is available to all participants without a course fee for 2024.
  - E. International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities, including notice of the exposed application paper on climate risk.

*Virtual Meeting***BLANKS (E) WORKING GROUP**

August 7, 2024

**Summary Report**

The Blanks (E) Working Group met Aug. 7, 2024. During this meeting, the Working Group:

1. Adopted its May 23 minutes, which included the following action:
  - A. Adopted its Feb. 21 minutes.
  - B. Adopted the following proposals:
    1. 2023-12BWG Modified – Categorize debt securities on Schedule BA that do not qualify as bonds under *Statement of Statutory Accounting Principles (SSAP) No. 26R—Bonds* or *SSAP No. 43R—Loan-Backed and Structured Securities* and are captured in the scope of *SSAP No. 21R—Other Admitted Assets*.
    2. 2024-01BWG – Update the Investment Schedules General Instructions to identify that common and preferred stock residual interests should be reported on Schedule BA. (Statutory Accounting Principles [E] Working Group agenda item 2023-23).
    3. 2024-02BWG Modified – Remove categories from Schedule DA, Part 1, and Schedule E, Part 2 that should be reported on Schedule BA. Add clarifying instructions on what should be included in other short-term and other cash equivalent categories.
    4. 2024-03BWG Modified – Update General Interrogatory 35 for private letter rating security reporting to clarify what should be included.
    5. 2024-04BWG – Add clarifying language to the *Valuation Manual (VM)-20*, Requirements for Principle-Based Reserves for Life Products, supplement in the life blank to include separate accounts where applicable.
    6. 2024-05BWG – Add language to Annual General Interrogatory 29.05 (Quarterly General Interrogatory 17.5) to clarify that all investment advisors that have the discretion to make investment decisions, including sub-advisors, should be disclosed through the interrogatory.
    7. 2024-06BWG – Property/casualty (P/C) changes: Limit the requirement to send qualification documentation to the board of directors only at the initial appointment and not annually thereafter. Title changes: Update the title instructions so they are more similar to the P/C instructions.
    8. 2024-07BWG – Update the illustration under Note 5S(A)—Investments for net negative (disallowed) interest maintenance reserve (IMR) to add a separate account breakout. Add a new general interrogatory for a company attestation for separate accounts.
    9. 2024-08BWG – Update the IMR and asset valuation reserve (AVR) instructions for specific allocation guidance for NAIC designation changes for debt securities (excluding loan-backed and structured securities [LBSS]), mortgage loans, and perpetual preferred stocks. (Statutory Accounting Principles [E] Working Group agenda items 2023-15 and 2023-29).
    10. 2024-09BWG Modified – Add a note (5T) to the Notes to Financials to be data captured to report the aggregate collateral loans by qualifying investment collateral.
    11. 2024-10BWG Modified – Remove the *SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act* disclosure on the transitional reinsurance program and the risk corridors program



- from Note 24E in the Notes to Financials (Note 24F for P/C) in the *Annual Statement Instructions*.
- C. Adopted its editorial listing.
  - D. Deferred proposal:
    - 1. 2024-11BWG – Update the Annual and Quarterly Instructions and Blanks for the New Market Tax Credit changes. Changes that will be made to the Annual include Assets; Notes to Financial Statements 5K, 14A, and 21E; AVR; Schedule BA, Part 1 and 3; and Verification Between Years. Quarterly changes include Assets; Schedule BA, Part 3; and Verification Between Years. The public comment period ends July 8.
  - E. Exposed one proposal with a public comment period ending July 8.
2. Adopted the following proposals:
- A. 2024-11BWG Modified – Update the Annual and Quarterly Instructions and Blanks for the New Market Tax Credit changes. Changes that will be made to the Annual include Assets; Notes to Financial Statements 5K, 14A, and 21E; AVR; Schedule BA, Part 1 and 3; and Verification Between Years. Quarterly changes include Assets; Schedule BA, Part 3; and Verification Between Years.
  - B. 2024-12BWG Modified – Update the quarterly investment schedules for editorial items to the bond project. (Schedule D Verification; Schedule D, Part 1B; Schedule D, Parts 3 and 4; Schedule DL, Parts 1 and 2; and Schedule E, Parts 1 and 2) Update the Quarterly Investment Schedule General Instructions for the changes that were adopted in the Annual Investment Schedule General Instructions. (Reference: adopted proposal 2023-06BWG).
3. Adopted its editorial listing.
4. Received a Statutory Accounting Principles (E) Working Group memorandum regarding instructional changes to the AVR to allow collateral loans backed by mortgage loans to flow through AVR as an “Other Invested Asset with Underlying Characteristics of Mortgage Loans.”