

Draft date: 3/1/24

*2024 Spring National Meeting*  
*Phoenix, Arizona*

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

Sunday, March 17, 2024

11:30 a.m. – 12:00 p.m. MT

301 A West - Phoenix Convention Center - Level 3

**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 N. Temple	Louisiana	Kevin Gaffney	Vermont
Robert L. Carey	Maine	Scott A. White	Virginia
Gary D. Anderson	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 Fall National Meeting Minutes—*Jamie Walker (TX)* Attachment One
2. Consider Adoption of its Working Group Reports
  - A. Statutory Accounting Principles (E) Working Group—*Dale Bruggeman (OH)* Attachment Two
  - B. Blanks (E) Working Group—*Pat Gosselin (NH)* Attachment Three



3. Discuss Any Other Matters Brought Before the Task Force—*Jamie Walker (TX)*
4. Adjournment

## Draft Pending Adoption

Draft: 12/13/23

Accounting Practices and Procedures (E) Task Force  
Orlando, FL  
December 2, 2023

The Accounting Practices and Procedures (E) Task Force met in Orlando, FL, Dec. 2, 2023. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Mike Causey, Vice Chair, represented by Jackie Obusek (NC); Lori K. Wing Heier represented by David Phifer (AK); Mark Fowler represented by Sheila Travis and Blase Abreo (AL); Alan McClain represented by Chris Erwin (AR); Ricardo Lara represented by Kim Hudson (CA); Andrew N. Mais represented by Michael Shanahan (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 Jessie Adamson (ID); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Vicki Lloyd, (KY); James J. Donelon represented by Melissa Gibson and Stewart Guerin (LA); Gary D. Anderson represented by John Turchi (MA); Anita G. Fox represented by Steve Mayhew (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by Debbie Doggett (MO); Troy Downing represented by Erin Synder (MT); Jon Godfread represented by Colton Schulz (ND); Eric Dunning represented by Lindsay Crawford (NE); D.J. Bettencourt represented by Pat Gosselin (NH); Justin Zimmerman represented by David Wolf (NJ); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Diane Carter (OK); Elizabeth Kelleher Dwyer represented by John Tudino and Ted Hurley (RI); Michael Wise represented by Lauren Robertson (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Jon Pike represented by Jake Garn and Malis Rasmussen (UT); Scott A. White represented by Doug Stolte (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); and Allan McVey represented by Mary Jo Lewis (WV).

### 1. Adopted its Summer National Meeting Minutes

Walker directed the Task Force to its Summer National Meeting minutes.

Obusek made a motion, seconded by Malm, to adopt the Task Force's Aug. 14 minutes (*see NAIC Proceedings – Summer 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 Dec. 1. During this meeting, the Working Group adopted its Oct. 31 (e-vote), Oct. 24 (e-vote), Oct. 23, Sept. 21, and Summer National Meeting minutes.

During its Oct. 31 e-vote, the Working Group exposed revisions to *Statement of Statutory Accounting Principles (SSAP) No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock* to clarify that investments that are in substance residual interests are to be reported on Schedule BA on the dedicated reporting line for residuals for a public comment period that ended Nov. 15. (Ref #2023-23)

During its Oct. 24 e-vote, the Working Group exposed *Interpretation (INT) 23-04T: Life Reinsurance Liquidation Questions*, which provides accounting and reporting guidance for ceding entities with a life reinsurance counterparty in liquidation for a public comment period that ended Nov. 15.

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During its Oct. 23 meeting, the Working Group:

- A. Adopted with modification in several SSAPs certain aspects of *Accounting Standards Update (ASU) 2016-19—Technical Corrections and Improvements* and revisions to *SSAP No. 92—Postretirement Benefits Other Than Pensions* to change the term “insurance contracts” to “insurance annuities” consistent with *SSAP No. 102—Pensions*. (Ref #2023-18)
- B. Adopted revisions to *SSAP No. 20—Nonadmitted Assets* and *SSAP No. 21R—Other Admitted Assets* that clarify that pledged collateral must qualify as an admitted invested asset for a collateral loan to be admitted. The revisions require audits and the use of fair value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies (LLCs), or joint ventures. (Ref #2022-11)
- C. Adopted revisions to *SSAP No. 92* and *SSAP No. 102* to remove the transition guidance, as the 10-year applicable transition period has ended. (Ref #2023-21)
- D. Rejected *ASU 2018-09—Codification Improvements* (Ref #2023-19) and *ASU 2020-10—Codification Improvements* (Ref #2023-20) through Appendix D as not applicable for statutory accounting.

During its Sept. 21 meeting, the Working Group:

- A. Adopted revisions to *SSAP No. 43R—Loan-Backed and Structured Securities* to clarify the scope and reporting for investment structures that represent residual interests. (Ref #2023-12)
- B. *Adopted INT 23-02: Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax*, which recommends for third-quarter 2023 that reporting entities should disclose whatever information is available regarding their applicable reporting entity status.
- C. *Adopted INT 23-03: Corporate Alternative Minimum Tax Guidance*, which provides guidance effective beginning year-end 2023 reporting of the corporate alternative minimum tax, which applies *SSAP No. 101—Income Taxes* with modification and provides disclosures. (Ref #2023-04)

During its Dec. 1 meeting, the Working Group adopted the following clarifications and new concepts to statutory accounting guidance:

- A. *SSAP No. 2R—Cash, Cash Equivalents, Drafts, and Short-Term Investments*: Adopted new statutory accounting principle (SAP) concept revisions to further restrict the investments that are permitted for cash equivalent and short-term reporting, with an effective date of Jan. 1, 2025. The revisions exclude all Schedule BA: Other Long-Term Investments and mortgage loans. (Ref #2023-17)
- B. *SSAP No. 30R* and *SSAP No. 32R*: Adopted revisions clarify that investments that are in substance residual interests shall be reported on Schedule BA on the dedicated reporting line for residuals, effective year-end 2023. (Ref #2023-23)
- C. *SSAP No. 54R—Individual and Group Accident and Health Contracts*: Adopted revisions clarify that gross premium valuation (under *A-010, Minimum Reserve Standards for Individual and Group Health*) and cash-flow testing (under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* [AG 51]) are both required if indicated. (Ref #2023-22)

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- D. *Annual Statement Instructions*: Adopted revisions to update and remove guidance that has permitted allocation of non-interest-related losses to the interest maintenance reserve (IMR) with an effective date of Jan. 1, 2024. The revisions address mortgage loans with valuation allowances and debt securities with known credit events. (Ref #2023-15)

Bruggeman stated that the Working Group exposed the following SAP concepts and clarifications to statutory accounting guidance for a public comment period ending Feb. 9, 2024, except for agenda items 2019-21, 2023-16, and 2023-28, which have a public comment period ending Jan. 22, 2024, and INT 23-04, which has a public comment period ending Dec. 29, 2023:

- A. SSAP No. 21R: Exposed revisions to SSAP No. 21R 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. SSAP No. 21R: Exposed revisions to expand the transparency of reporting for collateral loans on Schedule BA to enable state insurance regulators with the ability to quickly identify the type of collateral that supports admittance of collateral loans. (Ref #2023-28)
- C. *SSAP No. 34—Investment Income Due and Accrued, SSAP No. 48R—Joint Ventures, Partnerships and Limited Liability Companies, SSAP No. 93—Low-Income Housing Tax Credit Property Investments, and SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*: Exposed revisions to update the proposed guidance for investments in tax credits and acquired tax credits in response to the comments received. The exposure also requests comments on updated annual statement reporting categories for tax credit investment risk-based capital (RBC). (Ref #2022-14)
- D. SSAP No. 48: Exposed revisions to further define for consistency purposes the investments captured as non-registered private funds, joint ventures, partnerships or LLCs, or residual interests be reported based on the underlying characteristics of assets. (Ref #2023-16)
- E. *SSAP No. 58—Mortgage Guaranty Insurance*: Exposed intent to review the revisions to the *Mortgage Guaranty Insurance Model Act* (#630) for incorporation into SSAP No. 58 and Appendix A-630 as applicable. The exposure requests input on an effective date. (Ref #2023-31)
- F. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Exposed revisions to update the language in paragraph 24 on audits and admissibility to better align with guidance in paragraphs 26 and 27 on the look-through methodology. (Ref #2023-30)
- G. *Various SSAPs, ASU 2016-13 Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments and Other Related ASUs (CECL)*: Exposed revisions to reject current expected credit loss (CECL) within *INT 06-07: Definition of Phrase “Other Than Temporary”* and 15 applicable SSAPs. (Ref #2023-24)
- H. *Annual Statement Instructions*: Exposed revisions to clarify that realized gains and losses on perpetual preferred stock shall not be added to the IMR, regardless of NAIC designation, and shall follow the same concepts that exist for common stock in reporting realized gains/losses to the asset valuation reserve (AVR). (Ref #2023-29)
- I. *INT 23-04T: Life Reinsurance Liquidation Questions*: Exposed revisions to INT 23-04 provide accounting and reporting guidance for ceding entities with the life reinsurance counterparty, Scottish Re, in liquidation. This requires following existing life reinsurance guidance and requires nonadmission of unpaid

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claims and other amounts that are either in dispute or not collateralized by an A-785 compliant trust. It allows admission of undisputed claims incurred before contract cancellation, and paid before the reporting period, and undisputed amounts that are secured by an A-785 compliant trust.

- J. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting (GAAP) standards were exposed with revisions to reject, as they are not applicable to statutory accounting:
- i. *ASU 2023-03, Amendments to SEC Paragraphs* (Ref #2023-25)
  - ii. *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)

Bruggeman stated that the Working Group moved the following items to the disposed listing without statutory revisions:

- A. Agenda item 2023-03: *C-2 Mortality Risk Note*, was moved to disposed, noting a replacement general interrogatory blanks proposal was exposed.
- B. Agenda item 2016-20: *ASU 2026-20 – Credit Losses*, which originally started to address CECL, was moved to disposed, noting a replacement agenda item 2023-24 was exposed.

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

- A. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: The Working Group established a long-term project to incorporate accounting guidance for AVR and IMR. (Ref #2023-14)
- B. *INT 03-02: Modification to an Existing Intercompany Pooling Arrangement*: The Working Group deferred action and directed NAIC staff to continue working with interested parties on the proposal. (Ref #2022-12)
- C. *ASU 2023-06, Codification Amendments in Response to the SEC’s Disclosure Update*: The Working Group deferred action on pending agenda Item 2023-26.

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. Life Actuarial (A) Task Force Coordination Memorandum noting that no Working Group action is required.
- C. NAIC staff monitoring of International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities.

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

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

Gosselin provided the report of the Blanks (E) Working Group, which met Nov. 7. During this meeting, the Working Group adopted its July 27 minutes. During its Nov. 7 meeting, the Working Group re-exposed the following proposal for an additional public comment period:

- 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. 2023-12BWG Modified – Categorize debt securities on Schedule BA that do not qualify as bonds under *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* or SSAP No. 43R and are captured in scope of SSAP No. 21R.

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

- A. 2023-06BWG – Split the Schedule D, Part 1, into two sections: one for issuer credit obligations and the other for asset-backed securities (ABS). Update the other parts of the annual statement that reference the bond lines of business.
- B. 2023-07BWG – Update the code column and delete the legal entity identifier (LEI) column for the following investment schedules: Schedules A, B, BA, D Part 2, D Part 6, and E Part 1.

Gosselin stated that the Working Group exposed three new items for a 75-day public comment period ending Jan. 22, 2024.

Gosselin stated that the Working Group received the following memorandums from the Statutory Accounting Principles (E) Working Group:

- A. SAPWG INT 23-01: Net Negative (Disallowed) IMR
- B. Statutory Accounting Principles (E) Working Group year-end updates:
  - i. Ref #2023-13: Payment in Kind (PIK) Interest Disclosure Clarification
  - ii. INT 23-02: *Third Quarter 2023 Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective the third quarter of 2023 only)
  - iii. Ref #2023-04; INT 23-03: *Inflation Reduction Act – Corporate Alternative Minimum Tax* (effective year-end 2023 reporting and thereafter)
  - iv. Ref # 2023-12: Residuals in SSAP No. 48 investments
  - v. Ref #2023-2: Removal of transition guidance from SSAP No. 92 and SSAP No. 102

Gosselin stated that the Working Group approved the state filing checklist templates.

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

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

SharePoint/NAIC\_Support\_Staff\_Hub/Member Meetings/E CMTE/APPTF/2023-3 Fall/Summary and minutes/Minutes APPTF Fall 23 National Meeting.docx



Attachment Two  
(Pending)

Report of the  
Statutory Accounting Principles  
(E) Working Group

*Virtual Meeting*

**BLANKS (E) WORKING GROUP**

Wednesday, Feb. 21, 2024

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

**Summary Report**

The Blanks (E) Working Group met Feb. 21, 2024. During this meeting, the Working Group:

1. Adopted its Nov. 7, 2023, minutes.
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 *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* or *SSAP No. 43R—Asset-Backed Securities* and are captured in the scope of *SSAP No. 21R—Other Invested Assets*.
3. Adopted 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) Interest Maintenance Reserve (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 risk-based capital (RBC).
  - E. 2023-16BWG Modified – Change Schedule P in the property/casualty (P/C) 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.
4. Exposed six new items for a 60-day public comment period ending April 23.
5. Adopted its editorial listing.