

Draft date: 3/13/25

*2025 Spring National Meeting
 Indianapolis, Indiana*

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

Tuesday, March 25, 2025

11:00 – 11:30 a.m.

JW Marriott Indianapolis—JW Grand 1–4—Level 3

ROLL CALL

NAIC Member

Cassie Brown, Chair
 Angela L. Nelson, Vice Chair
 Mark Fowler
 Lori K. Wing-Heier
 Ricardo Lara
 Andrew N. Mais
 Trinidad Navarro
 Karima M. Woods
 Michael Yaworsky
 Dean L. Cameron
 Doug Ommen
 Vicki Schmidt
 Sharon P. Clark
 Robert L. Carey
 Michael T. Caljouw
 Anita G. Fox
 Grace Arnold
 Mike Chaney
 Remedio C. Mafnas
 Eric Dunning
 Scott Kipper
 Justin Zimmerman
 Adrienne A. Harris
 Mike Causey
 Jon Godfread
 Judith L. French
 Glen Mulready
 Andrew R. Stolfi
 Michael Humphreys
 Elizabeth Kelleher Dwyer
 Michael Wise

Representative

Jamie Walker, Chair
 Shannon Schmoeger, Vice Chair
 Richard Russell/Sheila Travis
 David Phifer
 Kim Hudson
 William Arfanis
 Nicole Brittingham
 N. Kevin Brown
 Carolyn Morgan
 Eric Fletcher
 Kim Cross
 Tish Becker
 Mark Griggs
 Vanessa Sullivan
 Jim McCarthy
 Kristin Hynes
 Kathleen Orth
 Chad Bridges
 Remedio C. Mafnas
 Tadd Wegner
 Hermoliva Abejar
 Justin Zimmerman
 Bob Kasinow
 Jacqueline Obusek
 Matt Fischer
 Dale Bruggeman
 Ryan Rowe
 Paul Throckmorton
 Diana Sherman
 John Tudino
 Ryan Basnett

State/Territory

Texas
 Missouri
 Alabama
 Alaska
 California
 Connecticut
 Delaware
 District of Columbia
 Florida
 Idaho
 Iowa
 Kansas
 Kentucky
 Maine
 Massachusetts
 Michigan
 Minnesota
 Mississippi
 N. Mariana Islands
 Nebraska
 Nevada
 New Jersey
 New York
 North Carolina
 North Dakota
 Ohio
 Oklahoma
 Oregon
 Pennsylvania
 Rhode Island
 South Carolina

Larry D. Deiter
Carter Lawrence
Jon Pike
Sandy Bigglestone
Scott A. White
Patty Kuderer
Nathan Houdek

Johanna Nickelson
Trey Hancock
Jake Garn
Dan Pettersen
Doug Stolte
Steve Drutz
Amy Malm

South Dakota
Tennessee
Utah
Vermont
Virginia
Washington
Wisconsin

NAIC Support Staff: Robin Marcotte

AGENDA

1. Consider Adoption of its 2024 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—*Roy Eft (IN)* Attachment Three

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

4. Adjournment

Draft: 11/26/24

Accounting Practices and Procedures (E) Task Force
Denver, Colorado
November 18, 2024

The Accounting Practices and Procedures (E) Task Force met in Denver, CO, Nov. 18, 2024. The following Task Force members participated: Cassie Brown, Chair, represented by Jamie Walker (TX); Mike Causey, Vice Chair, represented by Robert Croom (NC); Mark Fowler represented by Todrick Burks (AL); Alan McClain represented by Leo Liu (AR); Ricardo Lara represented by Laura Clements and Kim Hudson (CA); Andrew N. Mais represented by William Arfanis (CT); Karima M. Woods represented by N. Kevin Brown (DC); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Jane Nelson (FL); Doug Ommen represented by Kevin Clark (IA); Dean L. Cameron represented by Eric Fletcher (ID); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark represented by Mark Griggs (KY); Timothy J. Temple represented by Bill Werner (LA); Robert L. Carey represented by Vanessa Sullivan (ME); Anita G. Fox represented by Judy Weaver and Kristin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by Debbie Doggett and Shannon Schmoeger (MO); Mike Chaney represented by Josh Ammerman (MS); Jon Godfread represented by Matt Fischer and Colton Schultz (ND); Eric Dunning represented by Andrea Johnson and Tadd Wegner (NE); Justin Zimmerman represented by David Wolf (NJ); Adrienne A. Harris represented by Bob Kasinow (NY); Judith L. French represented by Dale Bruggeman (OH); Glen Mulready represented by Holly Mills (OK); Andrew R. Stolfi represented by Paul Throckmorton (OR); Michael Humphreys represented by Diana Sherman (PA); Michael Wise represented by Thomas Baldwin (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Trey Hancock (TN); Jon Pike represented by Jake Garn (UT); Scott A. White represented by and Jennifer Blizzard (VA); Mike Kreidler represented by Steve Drutz (WA); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its Summer National Meeting Minutes

Malm made a motion, seconded by Johnson, to adopt the Task Force's Aug. 14 minutes (*see NAIC Proceedings Summer 2024, Accounting Practices and Procedures (E) Task Force*). The motion passed unanimously.

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

Bruggeman provided the report of the Statutory Accounting Principles (E) Working Group, which met Nov. 17. During this meeting, the Working Group took the following action:

- A. Adopted its Summer National Meeting minutes.
- B. Adopted its Sept. 12 minutes. During this meeting, the Working Group adopted, via e-vote, revisions to *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds* and Issue Paper No. 169 to incorporate guidance for debt securities issued by funds that represent operating entities with a Jan. 1, 2025, effective date. (Ref #2024-01)
- C. Adopted its Oct. 4 minutes. During this meeting, the Working Group exposed, via e-vote, the updated *Principles-Based Bond Definition Implementation Questions & Answers (Q&A)* for a public comment period ending Oct. 28. (Ref #2019-21)

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

- A. *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies, SSAP No. 93—Investments in Tax Credit Structures, and SSAP No. 94—State and Federal Tax Credits*: Adopted clarifications expand and update guidance on tax credit investments effective Jan. 1, 2025. (Ref #2024-18)
- B. *SSAP No. 101—Income Taxes*: Adopted revisions reject, with modification, *Accounting Standards Update (ASU) 2023-09, Improvements to Income Tax Disclosures*. The adoption also removes an existing SSAP disclosure. (Ref #2024-11)
- C. *SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees*: Adopted revisions update the definition of a clearly defined hedging strategy (CDHS) to reflect the revised guidance pursuant to Valuation Manual (VM)-01, Definitions for Terms in Requirements. (Ref #2024-17)
- D. *Interpretation (INT) 24-01: Principles-Based Bond Definition Implementation Questions & Answers (Q&A)*: Adopted the exposed Q&A, updated for interested parties' comments, in a new interpretation. (Ref #2019-21)
- E. *Appendix D—Nonapplicable U.S. Generally Accepted Accounting Principles (GAAP) Pronouncements*: Rejected *ASU 2024-02, Codification Improvements* as not applicable to statutory accounting. (Ref #2024-19)

Bruggeman stated the Working Group exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending Jan. 31, 2025, except for agenda item 2024-26EP, which is exposed for a public comment period ending Dec. 9, 2024.

- A. *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures*: Exposed revisions to the SSAP and the existing *Annual Statement Instructions/Illustrations* for the restricted asset disclosure in Note 5L specify how modified coinsurance (modco) and funds withheld assets reported within a ceding company's financial statements shall be captured. This exposure also includes a reconciliation of items reported as restricted between Note 5L and the general interrogatories. (Ref #2024-20)
- B. *SSAP No. 16—Electronic Data Processing Equipment and Software*: Exposed revisions clarify references to accounting standards codification (ASC) by including the relevant ASUs. (Ref #2024-25)
- C. *SSAP No. 26*: Exposed editorial revisions clarify the scope of the annual audited disclosure. The disclosure shall include investments receiving bond treatment by reporting categories. (Ref #2024-26EP)
- D. *SSAP No. 86—Derivatives*: Exposed revisions ensure consistent terminology for financing derivatives and clarify that derivative premium shall not be captured as a realized gain or loss and shall not be included in the interest maintenance reserve (IMR). (Ref #2024-23)
- E. *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*: Exposed concept agenda item with requests for comments on the options offered to include: 1) clarifying statutory accounting guidelines (and resulting reporting impacts) for investment subsidiaries; 2) sponsoring a blanks proposal to capture new investment schedules, or perhaps expansions to existing investment schedules, to detail the underlying assets held by an investment subsidiary; or 3) referrals to the Capital Adequacy (E) Task Force and related risk-based capital working groups to incorporate details that allow regulators to verify the RBC calculation for the underlying assets within an investment subsidiary. (Ref #2024-21)
- F. *SSAP No. 104—Share-Based Payments*: Exposed revisions to adopt with modification *ASU 2024-01, Compensation—Stock Compensation (Topic 718), Scope Application of Profits Interest and Similar Awards*,

which provides clarifications on the application of the guidance to profit interests and similar awards. (Ref #2024-22)

- G. *INT 24-02: Medicare Part D Prescription Payment Plans* and *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage*: Exposed INT 24-02 and minor edits to INT 05-05 to provide accounting and reporting for the Medicare Part D prescription payment plan. Notification of the exposure will be provided to the Health Insurance and Managed Care (B) Committee and Health Risk-Based Capital (E) Working Group, and an annual statement blanks proposal and disclosures will be developed for future discussion. (Ref #2024-24)
- H. *Annual Statement Blanks*: Re-exposed revisions to provide more granular reporting lines on Schedule BA Other Invested Assets for Collateral Loans. This action allows concurrent exposure with the Blanks (E) Working Group on its corresponding blanks proposal. (Ref #2023-28)

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

- A. Directed NAIC staff to prepare an agenda item to classify issue papers in level 5 of the statutory hierarchy.
- B. *SSAP No. 86*: Directed NAIC staff to modify the agenda item proposing to bifurcate embedded derivatives and capture limited revisions to clarify reporting when a bond is sold and reacquired from a special purpose vehicle (SPV) with derivative wrappers (or other components). (Ref #2024-16)

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

- A. U.S. GAAP exposures, noting that items will be addressed during the normal maintenance process.
- B. IMR Ad Hoc Group activities, noting that its discussions have focused on IMR from reinsurance transactions and has directed a reassessment of existing guidance.
- C. The Bond Project Implementation Small Group, which has concluded its regular meetings. The Small Group addressed the items presented and referred the Q&A guide to the Working Group. The Small Group may resume future discussions if necessary.
- D. Use of third-party vendors and checklists to determine bond definition compliance and classification.
- E. International Association of Insurance Supervisors (IAIS) Audit and Accounting Working Group activities, including notice of the application paper on climate risk.
- F. Reinsurance exposures. The comment deadline for three reinsurance-related agenda items (2024-05, 2024-06, 2024-07) exposed at the Summer National Meeting was delayed at the request of the American Council of Life Insurers (ACLI) to Dec. 9 and Dec 16. The ACLI provided short verbal comments.
- G. Lloyd's has submitted requests that resulted in the removal of several inactive syndicates from the NAIC *Listing of Companies*. NAIC staff are coordinating with Lloyd's to determine if a guidance memorandum regarding year-end reporting instructions needs to be sent to the Blanks (E) Working Group.

Bruggeman made a motion, seconded by Orth, 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

Doggett provided the report of the Blanks (E) Working Group, which met Nov. 6. During this meeting, the Working Group adopted its Aug. 7 minutes. During this meeting, the Working Group, took the following action:

- A. Adopted its May 23 minutes.
- B. Adopted the following proposals:
 - i. 2024-11BWG – Update the Annual and Quarterly Statement 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; Asset Valuation Reserve (AVR); Schedule BA, Parts 1 and 3; and Verification Between Years. Quarterly changes include Assets; Schedule BA, Part 3; and Verification Between Years.
 - ii. 2024-12BWG – 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 adopted in the Annual Investment Schedule General Instructions. (*Reference adopted proposal 2023-06BWG.*)
- C. 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.”
- D. Adopted its editorial listing.

Doggett stated that during its Nov. 6 meeting, the Working Group also took the following action:

- A. Exposed eight new proposals for a 90-day public comment period ending Feb. 6, 2025.
- B. Adopted its editorial listing.
- C. Received a Statutory Accounting Principles (E) Working Group memorandum regarding the reporting of debt securities issued by funds representing operating entities.

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

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

[https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member meetings/e cmte/apptf/2024fallnm/minutes and summary/apptf 11-18-24 minutes tpr.docx](https://naiconline.sharepoint.com/sites/naicsupportstaffhub/member%20meetings/e%20cmte/apptf/2024fallnm/minutes%20and%20summary/apptf%2011-18-24%20minutes%20tpr.docx)

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

March 6, 2025

Summary Report

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

1. Adopted its Dec. 2, 2024, and Nov. 6, 2024, minutes, which included the following action:
 - A. Adopted its Aug. 7, 2024, minutes.
 - B. Exposed eight new proposals.
 - C. Received a Statutory Accounting Principles (E) Working Group memorandum regarding debt securities issued by funds representing operating entities.
 - D. Adopted its editorial listing.
2. Adopted nine proposals:
 - A. 2024-13BWG Modified – Update annual investment schedules for bond project editorial items.
 - B. 2024-14BWG Modified – Update the 2025 annual (2026 quarterly) investment schedules line category for “Bonds Issued by Funds Representing Operating Entities.”
 - C. 2024-15BWG – Remove the Affordable Care Act (ACA) disclosure on the transitional reinsurance program and the risk corridors program from the Supplemental Health Care Exhibit (SHCE).
 - D. 2024-16BWG – Remove the quarterly investment interrogatory line 13 for reporting mortgages and real estate in short-term investments. Re-number all lines below the line being removed.
 - E. 2024-17BWG – Add a pet insurance line to the Market Conduct Annual Statement (MCAS) premium exhibit.
 - F. 2024-18BWG – Add a footnote to SHCE, Part 2, to report the amount of premium deficiency reserves included in the lines of Part 2.
 - G. 2024-20BWG Modified – Add an electronic-only company contact information field to the annual and quarterly Jurat page for the assessment contact.
 - H. 2024-21BWG – Update Schedule D, Parts 4 and 5, to add clarifying instructions on what should be included in the investment schedule.
 - I. 2024-22BWG – Update Schedule BA definitions for surplus debentures and capital notes to add clarification on what should be reported in these categories.
3. Re-exposed one modified proposal:
 - A. 2024-19BWG Modified — Update Schedule BA line categories and instructions for the expansion of collateral loans. Add two electronic-only columns to Schedule BA, Part 1, for reporting the fair value of collateral backing and the percentage of the collateral. Update the asset valuation reserve (AVR) instructions and blank for the added collateral loan lines.
4. Exposed six new proposals for a public comment period ending April 29.



5. Received two Statutory Accounting Principles (E) Working Group memorandums:
 - A. Inactive Lloyd's Syndicates
 - B. Year-End 2024 Impacts to the Annual Statement Notes and Instructions
6. Adopted its editorial listing.

Attachment Three
(Pending)

Report of the
Statutory Accounting Principles
(E) Working Group