

**Statutory Accounting Principles (E) Working Group  
Fall National Meeting  
Comment Letters Received**

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October 15, 2025

NAIC Statutory Accounting Principles Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106

Re: Comments on Exposure Draft 2025-01 – SSAP No. 22 (Leases)

Dear Mr. Bruggeman,

I am writing in response to Exposure Draft 2025-01 regarding proposed revisions to SSAP No. 22 – *Leases*. We appreciate the NAIC's continued efforts to enhance clarity and consistency in statutory accounting standards.

In reviewing the proposed changes, we have not yet determined if they will apply to us. However, if they do, we believe it would be more appropriate for the Working Group to ensure that any modifications adopted be applied prospectively, not retroactively.

Applying these changes retroactively could have significant unintended consequences for entities that have already entered into sale-leaseback arrangements under the current guidance. These transactions were structured in good faith based on existing interpretations, and retroactive application could materially alter financial reporting outcomes and regulatory positions in a way that is neither equitable nor reflective of the original economic substance of the agreements.

A prospective application would preserve the integrity of past transactions while allowing the industry to move forward in compliance with any new requirements. This approach aligns with principles of fairness and minimizes disruption to ongoing operations and financial planning. We appreciate your consideration of this request and are available to provide any additional insight or clarification that may assist you.

Sincerely,

A handwritten signature in black ink that reads "Matthew G. Hirschy". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Matthew G. Hirschy, CPA  
Senior Vice President & Treasurer



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November 6, 2025

Chair Dale Bruggeman

Statutory Accounting Principles Working Group

RE: Ref #2025-01: Sale Leaseback Clarification

Via Email: Jake Stultz and Robin Marcotte, [jstultz@naic.org](mailto:jstultz@naic.org), [rmarcotte@naic.org](mailto:rmarcotte@naic.org)

Dear Mr. Bruggeman,

Thank you for the opportunity to comment on Proposal Ref# 2025-01: Sale Leaseback Clarification. The following is submitted on behalf of the member companies of the National Association of Mutual Insurance Companies (NAMIC) and the American Property Casualty Insurance Association (APCIA), collectively, “the Trades.”

NAMIC has more than 1,500-member companies representing 40 percent of the total U.S. property/casualty insurance market and write more than \$383 billion in annual premiums. Through NAMIC’s advocacy programs, it promotes public policy solutions that benefit NAMIC member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

APCIA is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe.

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

To make it clear that this edit does not overrule the guidance found in *SSAP No. 4. – Assets and Nonadmitted Assets* and *INT 01-31*, regarding collateral pledged for their performance under a contract and for easier flow of reading, the Trades suggest the below edits. First, change the lead in sentence to say, “meets the following criteria”. This edit makes it clear to the reader that this type of transaction does not fall under the sale-leaseback accounting method. The second edit suggestion is a rewording of the first sentence in (c), clarifying that if the cash or assets received by the seller have access restrictions and do not meet the definitions found in *SSAP No.4*, the restricted cash and assets are nonadmitted. Our edits underscore that is that total restriction on



access to cash or assets, not the mere presence of a restriction, that renders the transaction incompatible with sale accounting.

34. Sale-leaseback accounting shall be used by a seller-lessee only if a sale-leaseback transaction ~~meets~~ ~~includes all of~~ the following ~~criteria~~:

- a. A normal leaseback is a lessee-lessor relationship that involves active use of the property by the seller-lessee in consideration for payment of rent, including contingent rentals that are based on future operations of the seller-lessee. The phrase active use of the property by the seller-lessee refers to use of the property during the lease term in the seller-lessee's trade or business, provided that subleasing of the leased property is minor.
- b. Admitted assets, if the buyer-lessor is a related party, or either admitted or nonadmitted assets if the buyer-lessor is not a related party. For purposes of this paragraph, related parties include those identified in SSAP No. 25 and entities created for the purpose of buying and leasing nonadmitted assets for the reporting entity and/or its affiliates.
- c. When cash or assets received by the seller cannot be accessed until the end of the contract and/or such cash or assets will be lost in whole or in part if the seller terminates the contract, and the cash or assets have restrictions as to the use of the cash or sale of the assets -do not meet definition of admitted assets. ~~The restricted~~ cash and assets received are not considered available to meet policyholder obligations and are nonadmitted ~~in accordance with SSAP No. 4 — Assets and Nonadmitted Assets~~. Such transactions ~~A sale where the cash received by the seller has access restrictions does~~ do not meet the definition of a sale for sale-leaseback accounting and shall be recorded as a financing arrangement as described in paragraph 39.

We believe the above edits support the goal of the proposed changes to SSAP No. 22 and make it clear that there is no intent to open or change other guidance regarding assets pledged as collateral found in SSAP No.4. and INT-01-31.

We encourage the working group to consider the real-world reliance many companies place on the current accounting interpretation. A rigid application of revised guidance without adequate flexibility could lead to unintended consequences. We urge the working group to consider transition options, such as grandfathering existing transactions that would no longer qualify under the new guidance to continue under the old accounting until maturity, or existing transactions must be reevaluated and restated as financing as of 12/31/2026. This would provide regulators and insurers with the ability to apply reasonable judgment and avoid unnecessary disruption. Finally, we recommend the effective date of the new guidance to be set for 1/1/2026. This provides



sufficient time for companies to evaluate their existing arrangements, make operational or reporting changes as needed, and coordinate with regulators.

Thank you for your consideration and do not hesitate to reach out to us with any questions.

Colleen Scheele  
Senior Vice Policy President and Counsel, Tax and Fiscal Policy  
National Association of Mutual Insurance Companies

Jay Muska, Vice President Accounting and Financial Issues  
American Property and Casualty Insurance Association

cc: Julie Gann  
Wil Oden  
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**D. Keith Bell, CPA**

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**Rose Albrizio, CPA**

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October 22, 2025

Mr. Dale Bruggeman, Chairman  
Statutory Accounting Principles Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

RE: Interested Parties Comments on Items Exposed for Comment by the Statutory  
Accounting Principles Working Group (SAPWG) with Comments due October 16th

Dear Mr. Bruggeman:

Thank you and the NAIC Statutory Accounting Principles Working Group (the Working Group) for the opportunity to comment on the above-referenced items, which were exposed for comment by the Working Group during the NAIC 2025 Summer National Meeting.

**Ref #2025-12EP: Editorial and Maintenance Update**

On March 24, 2025, the Working Group exposed editorial revisions to the Preamble which revises the footnotes to Preamble paragraphs 42 - 43 for the statutory hierarchy to further clarify treatment of issue papers in Level 5 and references SEC rules and interpretations as sources of authoritative U.S. GAAP for SEC registrants.

Interested parties agree with the edits that were made to the Statutory Hierarchy in the Preamble. As a very minor comment, the reference in the third line of the New FN to “issues papers” should be “issue papers”.

**Ref #2024-21: Investment Subsidiary Classification**

The Working Group exposed revisions described in the August 2025 exposed changes to eliminate the investment subsidiary concept from the annual statement instructions, effective December 31, 2026, and directed NAIC staff to sponsor a corresponding Blanks proposal. The

intent to send a referral to the Life Risk-Based Capital (E) Working Group upon adoption of the agenda item, along with suggested RBC instruction changes, was also exposed.

Interested parties have no comments on this item.

### **Ref #2025-01: Sale-Leaseback Clarification**

The Working Group exposed revisions to *SSAP No. 22—Leases*, as illustrated in the Summer 2025 Updated Staff Recommendation, to further clarify that sale-leasebacks with restrictions on access to the cash received from the sale do not qualify for sale-leaseback accounting and must be accounted for by the seller using the financing method. With this exposure, comments are specifically requested on transition guidance for companies that currently have arrangements that will no longer qualify for sale-leaseback treatment.

Interested parties discussed this item and no concerns were raised. We refer the Working Group to a joint letter that is being submitted by the American Property Casualty Insurance Association (APCIA) and National Association of Mutual Insurance Companies (NAMIC) on this proposal.

### **Ref #2025-13: Residential Mortgage Loans Held in Statutory Trusts**

The Working Group exposed an updated draft of revisions to expand the scope of SSAP No. 37 to include qualifying investment trusts holding residential mortgage loans to be reported in Schedule B – Mortgages. This updated draft, as shown in the 2025 Summer National Meeting Staff Recommendation, reflects changes made by NAIC staff based on further research as well as discussions with interested parties.

Interested parties appreciate SAPWG staff's willingness to address our comments and questions. We agree with the changes made to the most recent proposal. We have a few additional comments as follows:

1. Under the Exposure Draft, look-through reporting would not be allowed if foreclosed real estate is owned by a wholly-owned LLC of the statutory trust. A fundamental characteristic of these trusts is the separation of legal and beneficial ownership. Therefore, the trustee holds legal title to the trust assets, while the trust beneficiaries are entitled to receive the benefit of the assets. The bank trustees are comfortable holding legal title to the mortgage loans and being the lender of record because that is their primary vocation. However, some bank trustees are not comfortable holding legal title to foreclosed real estate because of the potential for liability to the bank arising from property-related issues. For that reason, we understand that it can be common for the trustee to transfer title to such mortgage loans to a single member LLC that is 100% owned by the trust prior to foreclosure. Therefore, we kindly ask that the Working Group reconsider allowing the trust to create a 100% trust-owned single member LLC to hold any foreclosed real estate to address this circumstance.

2. We suggest the following edits to the revised footnote 6 for clarity:

“Some statutory trusts are formed with designated separate series, where each series maintains distinct and separate records, assets, and liabilities—either directly or indirectly (including through a nominee or otherwise)—from those of the overall trust and any other series. For ownership in a series of a statutory trust to meet the criterion described in paragraph 2b.ii. the trust agreement must explicitly provide that the liabilities of each series are enforceable only against the assets of that series ~~for the limitation of liabilities of each series~~, the reporting entity must hold 100% undivided beneficial ownership interest in all assets of that series the reporting entity’s ownership and ability to divest its interest in the series must not be contingent upon its ownership interest in any other series of the statutory trust, and the series trust must maintain distinct and separate records from those of the overall trust and other series.

3. It is not clear from the most recent exposure whether Schedule B will require individual loan reporting. The most recent exposure states that “the underlying loans held within a qualifying statutory trust must be disaggregated by group (loan standing), as shown below”. We are not sure if this means that each individual loan is reported under subgroups of “good standing”, “restructured”, “overdue interest over 90 days not in the process of foreclosure” and “in the process of foreclosure” or whether we are aggregating the book value of all the loans within each category and reporting under each category in total. Also, we are not sure what “as shown below” refers to.
4. Regarding effective date, interested parties suggest for a 1/1/27 effective date, but kindly ask for early adoption to be allowed since these trusts already exist and it would be preferable to report the loans on Schedule B to avoid changes in reporting schedules in the future. We understand that some of the new codes will not be available for 2025 year-end reporting, but key information about each loan will be provided on Schedule B for those who adopt early.

### **Ref #2025-18: Simplifying Income Taxes**

The Working Group exposed revisions to SSAP No. 101, to adopt with modification *ASU 2019-12 Simplifying the Accounting for Income Taxes*.

Interested parties agree with the proposed revisions in this item.

### **Ref #2025-20: Debt Securities & Residual Interests Disclosure**

The Working Group exposed revisions to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures. As detailed in the draft, the exposure also includes disclosures for residuals to identify the company’s measurement method, whether the company is transitioning from the



practical expedient to the allowable earned yield (AEY) method, and for those following the AEY method, information comparable to SSAP No. 43 for impaired securities. With exposure, the Working Group directed staff to sponsor a blanks proposal with the intent for the disclosure revisions to be in effect for December 31, 2026

Interested parties have no comments at this time but are continuing to evaluate the data that would be required. Any further comments, if any, will be made during the blanks exposure.

#### **Ref #2025-21: Retirement Plan Assets Held at NAV**

The Working Group exposed revisions to clarify that retirement plan assets can be held at net asset value (NAV) and shall be included in the required fair value disclosure, as illustrated in the draft.

Interested parties agree with the recommended accounting conclusion in this item.

\* \* \* \*

Thank you for considering interested parties' comments. We look forward to working with you and the Working Group on these items. We would recommend working with NAIC staff prior to a blanks exposure to refine clarity as much as possible prior to the exposure. If you have any questions in the interim, please do not hesitate to contact either one of us.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Julie Gann, NAIC staff  
Robin Marcotte, NAIC staff  
Wil Oden, NAIC staff  
Jake Stultz, NAIC staff  
Interested parties

October 22, 2025

**Submitted Electronically**

Mr. Dale Bruggeman  
 Chair, Statutory Accounting Principles (E) Working Group  
 National Association of Insurance Commissioners  
 110 Walnut Street, Suite 1500  
 Kansas City, MO 64106-2197

**Re: Request for Comments on ALM Derivatives of the Statutory Accounting Principles (E) Working Group**

Dear Mr. Bruggeman:

The ACLI appreciates the opportunity to comment on the exposure referred to above that was released for comment by SAPWG on September 10, 2025.

- We strongly support the development of statutory accounting guidance for interest-rate hedging derivatives used for asset-liability management (ALM), also referred to as “ALM Derivatives.”
- ACLI is very appreciative of the on-going dialogue with SAPWG and offers the following additional comments on this topic:
  - While we support both of the exposure drafts, the amortized cost method is favored by industry due to its operational advantages and alignment with the reporting of the hedged items.
  - Regarding the exclusion of derivatives with asymmetrical payoffs and/or premiums at inception in the Terms/Concepts section of both drafts (section 3a), we remain flexible on this issue and could see (and be supportive of) an adjustment stating that derivative instruments meeting the definitions noted in “(1)” and “(2)” of section 3a are eligible for the accounting provisions of this statement, and any premiums are required to be amortized over the shorter of the option period or the weighted average liability of hedged liability portfolio (subject to the limits on the latter noted throughout this draft guidance).
  - The drafts currently note an effective date of January 1, 2026. As these drafts were initially written a few months ago, this date is no longer feasible; we suggest an updated implementation date of January 1, 2027.

Once again, the ACLI appreciates the opportunity to provide comments and looks forward to continued dialogue on new statutory guidance for ALM Hedges. If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Shannon Jones". The signature is written in a cursive, flowing style.

Shannon Jones

Senior Director – Financial Reporting Policy

[shannonjones@acli.com](mailto:shannonjones@acli.com)

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Cc: Julie Gann, Assistant Director - Solvency Policy, Robin Marcotte, Senior Manager II, Accounting Policy, Jake Stultz, Manager II – Accounting Policy, Jason Farr Senior SCA Valuation and Accounting Policy Advisor, and Wil Oden, Senior Technical Accounting Policy Advisor

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October 31, 2025

Mr. Dale Bruggeman, Chairman  
Statutory Accounting Principles Working Group  
National Association of Insurance Commissioners  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

RE: Interested Parties Comments on Ref #2025-19; Private Placement Securities

Dear Mr. Bruggeman:

Thank you and the NAIC Statutory Accounting Principles Working Group (the Working Group) for the opportunity to comment on the above-referenced item.

### **Description of the issue**

This agenda item has been prepared in response to interest expressed by regulators to propose new disclosure and reporting requirements to better identify different types of private placement securities. Specifically, although broad information on private placement securities can be identified when a company reports a Private Placement Number (PPN) instead of a CUSIP, the intent is to distinguish between different types of private placements, for example those that reflect unregistered resales compliant with Rule 144A from other private placements. Further, as identifying PPNs from public CUSIPs requires scrutiny of the reported identifier, the revisions intend to make it easier to quickly identify a private placement security in the investment schedules. These revisions are supported due to the increase in private placement securities, the increase in private letter ratings often used for private placements, as well as potential concerns on the increase in, and reliance on, level 3 fair values for private placement securities.

This agenda item proposes new individual investment reporting disclosures, to be satisfied through the investment schedules on classifying private placements, as well as new note disclosures to provide aggregate reporting information on aspects of private placements within the financial

statements. These disclosure requirements are proposed to be effective December 31, 2026, for reporting in the year-end 2026 financials.

### **Interested Parties Comments**

Interested parties appreciate the exposure reflects many of our prior comments. We support the substance of the proposed exposure with the following two proposed editorial revisions:

1. Paragraph 40 m. i. includes the following:

(This individual investment disclosure shall be completed with the applicable investment schedules for quarterly acquisitions and disposals as well as for annual investment schedule reporting.

2. Paragraph 40 m. ii. includes the following:

(This disclosure is required annually, with quarterly inclusion pursuant to paragraph 65 of the Preamble)

The above language appears to be editorial and/or related to the annual statement instructions/disclosures. As the above disclosures are specifically related to the annual audited financial statements, the above captions are not appropriate and should not be in the SSAPs. Rather, they should be addressed in the annual statement instructions only.

\* \* \* \*

Thank you for considering interested parties' comments. We look forward to working with you and the Working Group on this item as it gets finalized.

Sincerely,

D. Keith Bell

Rose Albrizio

cc: Julie Gann, NAIC staff  
 Robin Marcotte, NAIC staff  
 Wil Oden, NAIC staff  
 Jake Stultz, NAIC staff  
 Interested parties