

2025 Summer National Meeting  
Minneapolis, Minnesota

## STATUTORY ACCOUNTING PRINCIPLES (E) WORKING GROUP

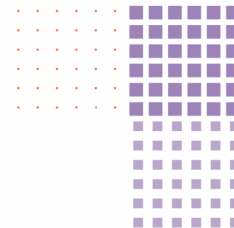
Monday, August 11, 2025

8:30 – 10:30 a.m.

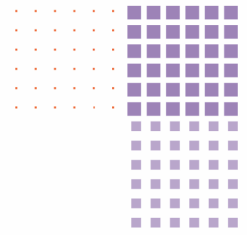
### Meeting Summary Report

The Statutory Accounting Principles (E) Working Group met Aug. 11, 2025. During this meeting, the Working Group:

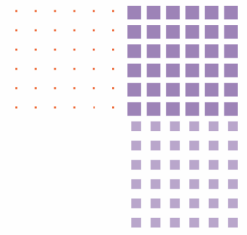
1. Adopted the following clarifications to statutory accounting guidance:
  - A. *Statement of Statutory Accounting Principle (SSAP) No. 26—Bonds, SSAP No. 41—Surplus Notes, SSAP No. 56—Separate Accounts, and Interpretation (INT) 22-01: Freddie Mac When Issued K-Deal (WI Trust) Certificates*: Adopted various editorial revisions, including updates to disclosures, removing a remaining credit rating provider (CRP) designation, and removing superseded terminology. (Ref #2025-17EP)
  - B. *SSAP No. 15—Debt and Holding Company Obligations*: Adopted *Accounting Standards Update (ASU) 2024-04, Debt—Debt with Conversion and Other Options*, with modification to provide clarifications on induced conversions, including when the inducement shall be recognized as an expense by the issuer, as well as the fair value measurement of that expense. (Ref #2025-02)
  - C. *SSAP No. 51—Life Contracts*: Adopted revisions to reflect different reserving methodologies in VM-22, Statutory Maximum Valuation Interest Rates for Income Annuities, principle-based reserve (PBR) requirements. (Ref #2025-09)
  - D. *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance and Appendix A-791, Life and Health Reinsurance Agreements*: Adopted revisions to clarify risk transfer on combination reinsurance contracts with interdependent contract features. The adopted clarifications are immediately effective for new/ newly amended contracts, with provisions to allow a Dec. 31, 2026 effective date for existing contracts to allow time for industry and regulator assessment. (Ref #2024-06)
  - E. *INT 23-01: Net Negative (Disallowed) IMR*: Adopted revisions to extend the effective date of the INT to Dec. 31, 2026, and add additional requirements and clarifications to the guidance in the INT. (Ref #2022-19)
  - F. *Appendix A-791*: Adopted revisions to delete a sentence in A-791, paragraph 2c question and answer. (Ref #2024-05)
  - G. *Accounting Practices and Procedures Manual (AP&P Manual)*: Adopted revisions to the 2026 AP&P Manual to streamline the status section of each SSAP. The status section would no longer reference issue papers, and references to “substantively revised” would be changed to “conceptually revised” to be consistent with previously adopted policy statement language. (Ref #2025-16)



- H. *Appendix D—Nonapplicable GAAP Pronouncements*: The following U.S. generally accepted accounting principles (GAAP) standards were adopted for rejection as they are not applicable to statutory accounting:
- i. *ASU 2023-07, Improvements to Reportable Segment Disclosures*. (Ref #2025-10)
  - ii. *ASU 2024-03, Disaggregation of Income Statement Expenses* and *ASU 2025-01, Clarifying the Effective Date of ASU 2024-03*. (Ref #2025-11)
  - iii. *ASU 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (Ref #2025-14)
  - iv. *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*. (Ref #2025-15)
2. Exposed the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance for a public comment period ending Oct. 17, except for agenda item 2025-19, which is exposed for a public comment period ending Sept. 19:
- A. *SSAP No. 22—Leases*: Exposed expanded revisions to 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. (Ref #2025-01)
  - B. *SSAP No. 26, SSAP No. 21—Other Admitted Assets, SSAP No. 43—Asset-Backed Securities, and Annual Statement Blanks*: Exposed revisions to improve utilization of existing disclosures, clarify guidance, and incorporate consistent locations and frequency for specific debt security disclosures. The edits also propose disclosures for residuals that 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. The proposed revisions also converge and clarify language across SSAPs and/or remove references that imply quarterly reporting when the disclosure is annually audited only. (Ref #2025-20)
  - C. *SSAP No. 37—Mortgage Loans*: Exposed revisions to the draft guidance allowing residential mortgage loans in trust to reflect several recommended changes per discussions with industry. (Ref #2025-13)
  - D. *SSAP No. 92—Postretirement Benefits Other Than Pensions* and *SSAP No. 102—Pensions*: 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. (Ref #2025-21)
  - E. *SSAP No. 101—Income Taxes*: Exposed revisions to adopt, with modification, certain revisions from *ASU 2019-12 Simplifying the Accounting for Income Taxes*. Exposure also recommends fully incorporating U.S. GAAP guidance previously incorporated by reference. (Ref #2025-18)
  - F. *Annual Statement Blanks*:
    - i. Exposed revisions to incorporate a new disclosure to identify private placement securities in the investment schedules and incorporate an aggregate disclosure that details key investment information by type of security (public and private placement type). (Ref #2025-19)
    - ii. Exposed revisions to eliminate the investment subsidiary concept from the instructions. (Ref #2024-21)

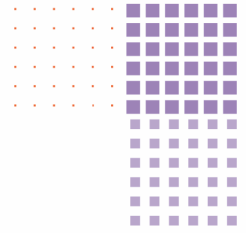


3. Directed NAIC staff on the following items:
  - A. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: Directed NAIC staff to proceed with using the exposed interest maintenance reserve (IMR) definition, with the minor modifications noted during the meeting, and the intent to eliminate hypothetical IMR in the forthcoming issue paper, and subsequent revisions to SSAP No. 7, as part of the long-term project to establish concepts for IMR and to capture the accounting guidance in SSAP No. 7. With this direction, subsequent exposures of the issuer paper and proposed SSAP revisions may result with future revisions to the directed definition and how IMR is allocated in reinsurance transactions. (Refs #2023-14 and #2025-03)
4. Received updates on the following:
  - A. IMR Ad Hoc Group activities, noting that its discussions have focused on IMR from reinsurance transactions and proof of reinvestment.
  - B. Asset liability matching (ALM) derivatives, noting that the Working Group will hold an open meeting Sept. 10. During this meeting, industry representatives will walk through key concepts and options (e.g., amortized cost versus a fair value measurement model) of a proposed ALM derivative standard. (Ref #2024-15)
  - C. Received a referral from Life Risk-Based Capital (E) Working Group regarding comments received from the American Council of Life Insurers (ACLI) on AVR equity reporting lines for common stock in SCAs and other affiliates and requested clarifications to the AVR instructions. In simple summary, AVR lines 15 and 16 reflect SCA Common Stock – Certain Other Subsidiaries and SCA Common Stock – Other, respectively, and the intent is to get clarification in determining what is “Certain Other” and what shall be classified as “Other.”
  - D. Received the Life Actuarial (A) Task Force coordination memorandum, noting that two agenda items were identified as requiring coordination with the Statutory Accounting Principles (E) Working Group.
  - E. U.S. GAAP exposures, noting that no items are currently exposed by the Financial Accounting Standards Board (FASB), and future items will be addressed during the normal maintenance process.
  - F. International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group activities. One item of interest is the project for insurance capital standard (ICS) implementation and potential revisions to Insurance Core Principle (ICP) 9 (Supervisory Review and Reporting) and ICP 20 (Public Disclosure). Currently, the proposed revisions are not viewed as compatible with the U.S. aggregation method (AM).
5. Adopted its Spring National Meeting minutes.
6. Adopted its April 10 minutes. During this meeting, the Working Group did not take any action and held discussions on agenda Items 2024-05 and 2024-06, which included a presentation from the ACLI on statutory risk transfer considerations and a presentation by a regulator representing the Life



Actuarial (A) Task Force on combined coinsurance funds withheld yearly renewable term (YRT) agreements.

7. Adopted its May 22 minutes. During this meeting, the Working Group took the following action:
  - A. Adopted the following clarifications to statutory accounting guidance:
    - i. Revisions to *SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures* to require the restricted asset note in all quarterly and annual financial statements and to incorporate a disclosure to identify funds withheld assets that are related to/affiliated with the reinsurer. (Ref #2025-05)
    - ii. Revisions to *SSAP No. 84—Health Care and Government Insured Plan Receivables* to add disclosures regarding Medicare Part D Prescription Payment Plan receivables. (Ref #2025-08)
    - iii. Revisions to the annual statement blanks:
      - a. Delete the capital structure code-specific columns from Schedule D-1-1 (Long-Term Bonds – Issuer Credit Obligations) and Schedule D-1-2 (Asset-Backed Securities). (Ref #2025-04)
      - b. Delete Line 8 from the AVR schedule, formerly identified as "Unrated Multi-Class Securities Acquired by Conversion" and categorized under bonds in the AVR. (Ref #2025-06)
      - c. Delete the general interrogatory no. 14 for dividends in Part Two of the general interrogatories in the life, accident and health, and fraternal (life/fraternal) annual statement blank. (Ref #2025-07)
      - d. Create a new reporting schedule (included in Exhibit 1 of the Form A), which adds a new part to the reinsurance Schedule S in the life/fraternal annual statement blanks and instructions, and recommend that the Blanks (E) Working Group move forward with the adoption of its corresponding agenda item 2025-05BWG. (Ref #2024-07)
    - iv. Adopted *Issue Paper No. 171—Current Expected Credit Losses (CECL)* to preserve the pre-CECL U.S. GAAP impairment and other-than-temporary impairment guidance for historical reference. (Ref #2023-24)
  - B. Exposed the following clarifications to statutory accounting guidance:
    - i. Revisions to add new guidance that would allow certain qualifying investment trusts holding residential mortgage loans to fall within the scope of SSAP No. 37 and allow for reporting of residential mortgage loans held in qualifying trusts on Schedule B – Mortgage Loans. (Ref #2025-13)
    - ii. Revisions to the status section on the cover page of the statements of SSAPs. The two primary revisions are to: 1) change “substantively” revised to “conceptually” revised; and 2) remove the issue paper references. (Ref #2025-16)
    - iii. Various editorial revisions to three SSAPs and one interpretation, which include updates to disclosures, removing a remaining CRP designation, and removing superseded terminology. (Ref #2025-17EP)
    - iv. Appendix D—Nonapplicable GAAP Pronouncements: The following U.S. GAAP standards were exposed for rejection as they are not applicable to statutory accounting:



- a. *ASU 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (Ref #2025-14)
  - b. *ASU 2025-02, Liabilities (Topic 405), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122.* (Ref #2025-15)
- 8. Adopted its June 2 minutes. During this meeting, the Working Group took the following action:
  - A. Exposed agenda items 2024-05 and 2024-06 for a 43-day public comment period ending July 14.
- 9. Adopted its June 5 minutes. During this meeting, the Working Group took the following action:
  - A. Exposed edits to *INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve* to extend the effective date until Dec. 31, 2026, and incorporate clarifications to the INT's requirements.