



- A. *SSAP No. 5R—Liabilities, Contingencies and Impairments of Assets and Issue Paper No. 16X—Updates to the Definition of a Liability*: Exposed revisions that defer to topic-specific SSAP guidance that varies from the liability definition. (Ref #2022-01)
- B. *SSAP No. 20—Nonadmitted Assets and SSAP No. 21R—Other Admitted Assets*: Exposed revisions 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 net equity value for valuation assessments when the pledged collateral is in the form of partnerships, limited liability companies, or joint ventures. (Ref #2022-11)
- C. *SSAP No. 24—Discontinued Operations and Unusual or Infrequent Items*: Exposed revisions to SSAP No. 24 to clarify rejection of *ASU 2021-10, Government Assistance*, and the incorporation of disclosures regarding government assistance. (Ref #2023-06)
- D. *SSAP No. 43R—Loan-Backed and Structured Securities*: Exposed revisions to incorporate changes to add collateralized loan obligations (CLOs) to the financial modeling guidance and to clarify that CLOs are not captured as legacy securities. (Ref #2023-02)
- E. *SSAP No. 104R—Share-Based Payments and SSAP No. 95—Nonmonetary Transactions*: Exposed revisions to adopt with modification *ASU 2019-08, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*. The revisions add guidance to include share-based consideration payable to customers. (Ref #2023-07)
- F. *Interpretation (INT) 03-02: Modification to an Existing Intercompany Pooling Arrangement*: Exposed the intent to nullify INT 03-02, as it is inconsistent with SSAP No. 25. (Ref #2022-12)
- G. *INT 20-01: ASU 2020-04 and 2021-01 – Reference Rate Reform*: Exposed revisions to revise the expiration date of INT 20-01 to Dec. 31, 2024. (Ref #2023-05)
- H. *Schedule D Reporting*: Exposed revisions to *SSAP No. 26R—Bonds*, *SSAP No. 21R*, *SSAP No. 43R*, and other impacted SSAPs to refine guidance for the principles-based bond project. Directed NAIC staff to continue interim discussions with interested parties. (Ref #2019-21)
- I. *Review Annual Statement Instructions for Accounting Guidance*: Exposed a proposed new project to review the annual and quarterly statement instructions to ensure that accounting guidance is reflected within the SSAPs. (Ref #2023-01)
- J. *C-2 Mortality Risk Note*: Exposed revisions to *SSAP No. 51R—Life Contracts*, *SSAP No. 59—Credit Life and Accident and Health Insurance Contracts*, and *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* providing new disclosures, which provide net amount at risk detail needed to support updates to the life risk-based capital (RBC) C-2 mortality risk charges. This item was exposed with a shortened comment deadline of May 5. (Ref #2023-03)



- K. Accounting Practices and Procedures Manual (AP&P Manual) Editorial Updates: Exposed editorial revisions. This item was exposed with a shortened comment deadline of May 5. (Ref #2023-11EP)
 - L. Appendix D—Nonapplicable GAAP Pronouncements: The following U.S. GAAP standards were exposed with revisions to reject, as they are not applicable to statutory accounting:
 - i. *ASU 2019-07—Codification Updates to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates* (Ref #2023-08)
 - ii. *ASU 2020-09, Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762—Debt (Topic 470)* (Ref #2023-09)
 - iii. *ASU 2022-05, Transition for Sold Contracts*, as not applicable for statutory accounting. (Ref #2023-10)
5. Directed NAIC staff on the following items:
- A. Tax Credits: Directed NAIC staff to proceed with drafting revised accounting guidance and a related issue paper for both *SSAP No. 93—Low-Income Housing Tax Credit Property Investments* and *SSAP No. 94R—Transferable and Non-Transferable State Tax Credits*. Revisions will consider final Financial Accounting Standards Board (FASB) guidance on tax equity investments and interested party feedback. (Ref #2022-14)
 - B. *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*: Directed NAIC staff regarding the consideration of negative interest maintenance reserve (IMR) with an intent to work on both a 2023 solution and a long-term solution as follows:
 - i. Recommend a referral to the Life Actuarial (A) Task Force on further consideration of the asset adequacy implications of negative IMR. Items to include: 1) developing a template for reporting within asset adequacy testing (AAT); 2) considering the actual amount of negative IMR that is admitted to be used in the AAT; 3) better consideration of cash flows within AAT (and documentation), as well as any liquidity stress test (LST) considerations; 4) ensuring that excessive withdrawal considerations are consistent with actual data (sales of bonds because of excess withdrawals should not use the IMR process); and 5) ensuring that any guardrails for assumptions in the AAT are reasonable and consistent with other aspects.
 - ii. Recommend a referral to the Capital Adequacy (E) Task Force for the consideration of eliminating any admitted net negative IMR from total adjusted capital (TAC) and the consideration of sensitivity testing with and without negative IMR.
 - iii. Develop guidance for future Working Group consideration that would allow the admission of negative IMR up to 5% of surplus using the type of limitation calculation similar to that used



- for goodwill admittance. The guidance should also provide for a downward adjustment if RBC ratio is less than 300.
- iv. Review and provide updates on any annual statement instructions for excess withdraws, related bond gains/losses and non-effective hedge gains/losses to clarify that those related gains/losses are through asset valuation reserve (AVR), not IMR.
 - v. Develop accounting and reporting guidance to require the use of a special surplus (account or line) for net negative IMR.
 - vi. Develop governance related documentation to ensure sales of bonds are reinvested in other bonds.
 - vii. Develop a footnote disclosure for quarterly and annual reporting. (Ref #2022-19)
- C. Corporate Alternative Minimum Tax (CAMT): Directed NAIC staff to continue work with industry and Working Group members on developing guidance for the reporting of the CAMT for interim Working Group discussion. (Ref #2023-04)
6. Received an update on the following items:
- A. Received a referral from the Valuation of Securities (E) Task Force to inquire about the NAIC Securities Valuation Office (SVO) obtaining the ability to calculate analytical information.
 - B. Announced that copyrighted PDF copies of the AP&P Manual will be made available through Account Manager upon purchase of the 2023 AP&P Bookshelf subscription.
 - C. Received a request from the American Academy of Actuaries (Academy) for clarification on observed diversity across issuers regarding long-term care (LTC) AAT under *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) and *SSAP No. 54R—Individual and Group Accident and Health Contracts* and *Appendix A-010, Minimum Reserve Standards for Individual and Group Accident and Health Insurance Contracts*.
 - D. Received an update on international activity as discussed by the International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group (AAWG). This discussion noted that public consultations of *Insurance Core Principle (ICP) 14: Valuation* and *ICP 17: Capital Adequacy* are expected in July 2023.
 - E. Received an update on U.S. GAAP exposures, noting that pending items will be addressed during the normal maintenance process.