
To: Pat Gosselin, Chair of the Blanks (E) Working Group
From: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group
Re: Year-End 2023 Impacts to the Annual Statement Notes and Instructions
Date: December 7, 2023 - Residuals

The purpose of this memo is to notify the Blanks (E) Working Group of revisions to the “Notes to the Financial Statements” and *Annual Statement Instructions* that have been adopted by the Statutory Accounting Principles (E) Working Group. As the items have already been adopted, and SSAPs and Interpretations represent the first and the second level of authoritative guidance as promulgated by the Preamble, these revisions to the financial statement notes and instructions for 2023 reporting do not require approval from the Blanks (E) Working Group.

It is recommended that this memo, detailing changes to existing reporting instructions and 2023 disclosure requirements, be posted to the NAIC website. This is consistent with the *NAIC Policy Statement on Coordination of the Accounting Practices and Procedures Manual, and the Annual Statement Blank* located within the *Accounting Practices & Procedures Manual*. A summary of the adopted revisions is provided below; however, the full adopted revisions can be found at the following link for the Statutory Accounting Principles (E) Working Group webpage under the documents tab at https://content.naic.org/cmte_e_app_sapwg.htm.

Adopted December 1, 2023:

1. Ref #2023-23: Residuals in Preferred Stock and Common Stock Structures

Adopted revisions to *SSAP No. 30R—Unaffiliated Common Stock* and *SSAP No. 32R—Preferred Stock* are explicit that investments in the form of common stock or preferred stock that are in substance residual interests of a residual security tranche, as defined in *SSAP No. 43R* or *SSAP No. 48*, shall be reported on Schedule BA: Other Long-Term Assets in the dedicated reporting line for residuals.

The adopted revisions are effective for year-end 2023, and with previously adopted revisions, intend to ensure that all in-substance residual interests are captured on the Schedule BA residual reporting line.

In addition, the SAPWG will sponsor a 2024 blanks proposal to incorporate similar instructions to Schedule D-2-1: Preferred Stock and Schedule D-2-2: Common Stock.

Please contact NAIC staff Julie Gann (jgann@naic.org), Jake Stultz (jstultz@naic.org); Robin Marcotte (rmarcotte@naic.org), Wil Oden (woden@naic.org); or Jason Farr (jfarr@naic.org) if you have any questions.

Cc: Mary Caswell, Jill Youtsey, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr