



NAIC update: Fall 2020 National Meeting

The National Association of Insurance Commissioners (NAIC) successfully hosted its Fall 2020 Meeting in a virtual environment. During opening remarks, NAIC president and South Carolina Insurance Director Ray Farmer noted that the role of NAIC president would pass to Florida Insurance Commissioner David Altmaier in 2021 and that the incoming Secretary-Treasurer would soon be decided (subsequently, it was announced that Connecticut Insurance Commissioner Andrew Mais would be appointed as Secretary-Treasurer and member of the

Executive Committee).

In his written welcome to NAIC meeting participants, President Farmer noted that never in the NAIC's almost 150-year history have all in-person meetings been canceled in a single year. President Farmer noted, "While we have been physically separated, we have not been distanced."

As the NAIC and its members look forward to 2021, the challenges of the COVID-19 crisis remain. The NAIC will continue its multiple efforts to support its members, the industry, and consumers with a commitment to address issues with flexibility and focus.

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What's next

April 7-9, 2021
April 12-14, 2021
Spring National Meeting
Virtual format

The global pandemic was a key focus in 2020, as well as the following areas:

- **Racial equity:** President Farmer noted his great personal pride in the NAIC's and its members' engagement on the issues of race, diversity, and inclusion in the insurance sector. In 2020, the NAIC formed a Special Committee on Race and Insurance, the first of its kind in its history.
- **Guiding principles for artificial intelligence (AI):** In 2020, NAIC members adopted guiding principles for AI, setting general expectations for businesses, professionals, and stakeholders that may be implementing industry AI tools, emphasizing the importance of accountability; compliance; transparency; and safe, secure, and robust outputs.
- **Climate risk:** As President Farmer stated, "[There was] a nearly unprecedented number of natural disasters this year ... in 2020, we broke the 1916 record for the number of storms making landfall in the United States in the month of October" (fall 2020 opening session prepared remarks). 2020 saw the forming of an executive-level Climate & Resiliency Task Force, making climate risk a strategic priority for the organization. NAIC members have been contributing both domestically and internationally concerning this priority.
- **Long-term care:** Long-term care continues to be a focus, with a regulatory subgroup to review financial solvency issues. Additionally, focus remains on the development of consistent rate reviews and trade-offs between premium and policy benefits through the work of the Reduced Benefit Options Subgroup, improving the clarity of communication with policyholders.

- **Group capital calculation:** Group capital calculation (GCC) work was completed following several years of field-testing work and discussions with stakeholders. Remaining technical issues were resolved regarding the calculation and amending the NAIC Model Holding Company Act and Regulation to effectuate the GCC. Both the Model Act and the GCC were adopted by the Financial Condition (E) Committee at the fall national meeting.

- **State Ahead:** The NAIC's three-year blueprint is nearing completion, having been started two and a half years ago. The plan set out the NAIC's future, its vision, and the actions and initiatives to support NAIC members and the system of state-based insurance regulation. A total of 15 State Ahead projects were completed during this time. The NAIC and its members are working together to set out State Ahead 2.0, to be outlined in 2021.



Innovation and technology

The Big Data (EX) Working Group and the Artificial Intelligence (EX) Working Group had last reported during the Summer National Meeting of 2020. North Dakota Insurance Commissioner Jon Godfread provided an update setting out the rationale of proposed changes to combine each working group into a single Big Data and Artificial Intelligence (EX) Working Group.

Commissioner Godfread noted that the proposal to combine the groups represented the need to prioritize and focus on next steps following the adoption of AI Principles. The rationale for combining the two groups includes the following:

- Due to the groups' similarities, combining would reduce inefficiencies, such as overlap or duplicity. This would also help remove any potential problems with coordination.
- AI Principles, as adopted, apply to the use of big data, with most governance models contemplating them working together.
- It reduces the risk of misdefinition where the use of data within models and algorithms may not be considered by some to be AI, allowing them to be considered.

There was general support for combining the two groups. The work to apply AI Principles to the area of big data and the entire range of users applies in property and casualty, life, annuities, health, and other areas. Commissioners were keen to have more third-party presentations from those that operate in this space, particularly those that have tools, processes, or methodologies around auditing for compliance with the intent and expectations laid out in the AI Principles.

Group capital calculation

The Financial Condition (E) Committee adopted proposed changes to Model Act #440 and Model Act #450, which enable the GCC. The template and instructions for the GCC had previously been adopted by the committee during its November 17, 2020, meeting, but NAIC staff had needed more time to incorporate proposed

changes. Commissioner Altmaier noted that he saw the GCC as similar to risk-based capital (RBC) in that continual work leads to improvement over time and would continue to be maintained and updated as necessary. The GCC Template and Instructions were unanimously passed by the committee.

Climate and resiliency

Regarding the Climate and Resiliency (EX) Task Force, California Insurance Commissioner Ricardo Lara noted that the NAIC became a member of the Sustainable Insurance Forum (SIF) in February 2020. Launched in 2016, the SIF's work overlaps with that of the Task Force's workstreams, including the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

It was noted that the International Association of Insurance Supervisors (IAIS) is also a member of the SIF. The SIF itself is an observer of the Network for Greening the Financial System (NGFS). The SIF provides a platform for insurance supervisors and contributes to research on emerging risks, supervisory practices, and policy statements. Several useful supervisory products were highlighted during the meeting, such as the issues paper on the implementation of the recommendations of the TCFD, published in 2020. This paper focused on insurance supervisors setting climate-related expectations,

climate scenario analysis, and mandating disclosures.

Regarding international activities with bodies such as the FSB, climate continues to be an active topic on which much regulatory work continues. The industry can expect continued focus in the following areas:

- Climate-related physical and transition risks
- Impact of climate-related risks on financial stability
- Climate-related exposures
- Climate-related data and disclosures
- Stress testing and scenario analysis

Commissioner Lara noted that the NAIC Climate Risk Disclosure Survey, in its 10th year, has been completed (August 2020). Beginning in 2020, insurers are now able to submit the TCFD in place of the NAIC Climate Risk Disclosure Survey. It was noted that, in 2020, eight insurer groups elected to provide the TCFD data in 2020.

During the federal update, Brooke Stringer, Senior Financial Policy and Legislative Advisor, NAIC, noted the climate action plans put forward by the US House of Representatives and US Senate Democrats in 2020. The Senate Democrats' plan included:

- NAIC encouraging more states to administer the NAIC Climate Risk Disclosure Survey and continue work to align this to TCFD disclosures;
- Requiring insurers to conduct climate-related stress tests;
- The Federal Insurance Office (FIO) assessing industry vulnerability and making recommendations; and
- FIO and NAIC working together to set standards for how insurers should respond to climate risks.

Ms. Stringer stated that she expects "increased attention on climate issues at the federal level with the incoming administration" (NAIC Climate and Resiliency (EX) Task Force, December 6, 2020, minutes).

Race and insurance

The Special (EX) Committee on Race and Insurance met, and Director Farmer noted that the committee would not be accepting new charges at this time as the existing workstreams continue their progress.

Each of the five workstreams created are now underway, and although these have only recently been established, extensive

status reports were received on each. Workstreams reported significant progress with drafting of reports, action plans, and further suggestions for discussion. More work will be undertaken on this important initiative.

Actuarial update

Life Actuarial Task Force (LATF)

LATF heard an update on Society of Actuaries (SOA) Research and Education. A presentation on US data on mortality discussed growing disparities of mortality experience across socioeconomic groups, including experience in mortality improvement. An SOA research study assessing the impact of COVID-19 on group life mortality was recently completed and the data will be available in spring 2021.

The American Academy of Actuaries Annuity Reserves Work Group (ARWG) has exposed a preliminary framework for Fixed Annuity PBR (VM-22) for comment. Next steps are for the LATF to endorse the PBR framework (with comments addressed) and for ARWG to draft language for the Valuation Manual. Currently, the targeted effective date is January 1, 2023.

The Academy Life Practice Council (LPC) gave an update on its recent activities, including publication of a white paper on the Tax Cuts and Jobs Act (TCJA), Principle-Based Reserving (PBR) analysis templates, and completion of an Asset Adequacy Testing (AAT) survey and analysis. Upcoming priorities include support of the economic scenario generator (ESG) transition and efforts to promote diversity and inclusion within the actuarial profession.

LATF heard a report on the applicability of federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) privacy and security to the NAIC as experience reporting agent. The issue was raised as to whether the information collected in accordance with VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, would be covered under HIPAA. After legal review, it is not believed that the NAIC is subject

to HIPAA confidentiality requirements in its role as experience reporting agent. However, the NAIC will continue to take the most conservative approach by developing a confidentiality framework that will provide protections, similar to those required by HIPAA, for the sensitive information it is collecting.

LATF adopted one Valuation Manual amendment:

- **APF 2020-08** proposes a third method to aggregate company mortality experience, which is a hybrid of the top-down and bottom-up methods currently included in the Valuation Manual. The bottom-up approach is applied to aggregate to an acceptable level of credibility, and then the top-down approach is used to subdivide these segments. This method is more appropriate for a company with granular mortality assumptions (numerous segments with lower credibility).

LATF exposed two Valuation Manual amendments:

- **APF 2019-33** recommends that group life insurance contracts with rate structures and underwriting similar to individual policies receive the same treatment as individual policies.
- **APF 2020-11** provides for companies managing run-off business (i.e., don't meet exemption requirements due to material in force, but only selling new business to support conversions) to qualify for exemption to VM-20.

Finally, the NAIC reviewed the implementation timeline for the ESG, including a discussion on the scope of work for the selected ESG vendor, Conning.

Long-Term Care Insurance (LTCI) Task Force meeting

LTCI Multistate Rate Review Subgroup

An update was provided on activities of the LTCI Multistate Rate Review Subgroup. The purpose of the Subgroup is to develop a consistent national approach for reviewing LTCI rates that results in actuarially appropriate increases being granted by the states in a timely manner and eliminates cross-state rate subsidization. The Subgroup should complete its charges by the 2021 Summer National Meeting.

The Subgroup has developed a pilot program in which a rate review team of actuaries from a handful of state insurance departments performs a single actuarial review of a rate increase filing. The review can be relied upon or otherwise considered by the state insurance departments in their respective rate review analyses.

A data call analysis was completed by a consultant on the degree to which variations and state review practices can result in different premium levels. The Subgroup is considering the findings and working with the consultant on the best way to publicly present the results.

Reports from the LTCI Reduced Benefit Options (RBO) Subgroup

The Subgroup provided draft RBO Principles and RBO Consumer Notices Principles documents, which are intended to assist in providing guidance to state insurance regulators when evaluating RBO offerings by insurers related to LTCI premium rate increases and evaluating the quality of consumer notices and RBO materials presented to policyholders. The documents are ultimately expected to be incorporated into the LTCI multistate rate review framework.

NAIC accounting update

This section of the NAIC update focuses on accounting and reporting changes discussed, adopted, and exposed by the Statutory Accounting Principles (E) Working Group (SAPWG), the Accounting Practices and Procedures (E) Task Force, and the Financial Condition (E) Committee during the 2020 fall and interim meetings. Substantive changes (changes in accounting methods) finalized during these meetings have explicit effective dates, as documented below. All nonsubstantive changes (changes that clarify existing accounting methods) finalized during these meetings are effective upon adoption unless otherwise noted.

Statutory Accounting Principles Working Group

Current developments: The SAPWG did not adopt any **substantive** items during the 2020 fall and interim meetings.

Current developments: The SAPWG adopted the following **nonsubstantive** items as final during the 2020 fall and interim meetings:

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2020-20	<i>SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments</i>	P&C Life Health	Adopted revisions require identification and disclosure of cash equivalents, or substantially similar investments , that remain on the same reporting schedule for more than one consecutive reporting period. <ul style="list-style-type: none"> • This is consistent with newly adopted disclosure requirements for rolling short-term investments. • The disclosure is satisfied through the use of a code on the investment schedules. 	N	Y	2020
2020-23	<i>SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements;</i> <i>SSAP No. 73—Health Care Delivery Assets and Leasehold Improvements in Health Care Facilities</i>	P&C Life Health	Revisions update the amortization guidance for leasehold improvements. <ul style="list-style-type: none"> • The revisions allow leasehold improvements to have lives that match the associated lease term, which agrees with US generally accepted accounting principles (GAAP). 	Y	N	2020
2020-31	<i>SSAP No. 32R—Preferred Stock</i>	P&C Life Health	Revision permits early adoption of the substantively revised guidance for preferred stock investments that had an effective date of January 1, 2021.	N	N	2020
2020-19	<i>SSAP No. 37—Mortgage Loans</i>	P&C Life Health	Revision clarifies that foreclosure rights provided to participants in the participation agreement and addressed in the guidance are intended to be consistent with all co-lenders of the participation agreement. <ul style="list-style-type: none"> • Guidance does <i>not</i> require individual foreclosure rights to be granted to qualify as a mortgage loan investment by participation. 	N	N	2020

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2020-21	<i>SSAP No. 43R— Loan-backed and Structured Securities</i>	P&C Life Health	Originally, the Valuation of Securities (E) Task Force proposed to eliminate the multistep modeling practice for residential and commercial mortgage-backed securities. Ultimately, the task force adopted revised guidance to the <i>NAIC SVO Purposes and Procedures Manual</i> to continue financial modeling, but in lieu of implementing addition price breakpoints, the output of the model is mapped to a specific NAIC designation category.	N	N	2020
2020-17 2020-18	<i>SSAP No. 97— Investments in Subsidiary, Controlled and Affiliated Entities</i>	P&C Life Health	The Working Group adopted the following revisions: Update the subsidiary, controlled, and affiliated entities (SCA) review process descriptive language and the procedures for availability and delivery of completed SCA reviews for domestic regulators and financial statement filers. <ul style="list-style-type: none"> Remove superseded guidance that continued to be included within the statement pertaining to guarantees or commitments from the insurance reporting entity to the SCA. As previously adopted in a separate agenda item: <ul style="list-style-type: none"> Statutory equity value of an SCA will be reported at zero when the reporting entity's share of losses exceeds the carrying value of the SCA. Reporting entity may need to recognize a financial guaranty obligation under <i>SSAP No. 5R—Liabilities, Contingencies and Impairment of Assets</i>. 	N	N	2020
2019-24	<i>INT 20-10: Reporting Nonconforming Credit Tenant Loans</i> <i>SSAP No. 43R— Loan-Backed and Structured Securities</i>	P&C Life Health	During the Working Group's review of existing guidance in SSAP No. 43R, it was noted that current accounting guidance for credit-tenant loans (CTL) is unclear. Current guidance: <ul style="list-style-type: none"> NAIC Securities Valuation Office (SVO) approved CTLs (have bond characteristics and certain rental payment structures) under SSAP No. 43R and reported on Schedule D with the NAIC designation provided by the SVO. Although not explicitly addressed, regulators expected nonqualifying CTLs to be accounted for under <i>SSAP No. 37—Mortgage Loans</i> and reported on Schedule B or Other Invested Asset on Schedule BA. <p>Given that statutory accounting and reporting guidance did not sufficiently provide guidance for CTLs that did not "conform" to the <i>NAIC SVO Purposes and Procedures Manual</i> requirements, the NAIC issued a limited-time exception allowing nonconforming CTLs to continue to be reported as a bond under SSAP No. 43R and reported on Schedule D for 2020 year-end and 2021 interim reporting if the following criteria are met:</p> <ul style="list-style-type: none"> Previously reported on Schedule D File with the SVO for a NAIC designation by February 15, 2021 (not required to have received the designation prior to filing) Disclose information in Note 1 as if it were allowed under a permitted accounting practice as provided by <i>SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures</i>. 	Y	Y	2020

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
	<p><i>INT 20-11: Extension of Ninety-Day Rule for the Impact of COVID-19</i></p> <p><i>SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers</i></p> <p><i>SSAP No. 47—Uninsured Plans</i></p> <p><i>SSAP No. 51—Life Contracts</i></p> <p><i>SSAP No. 65—Property and Casualty Contracts</i></p>	P&C Life Health	<p>During the second half of 2020, hurricanes damaged the Gulf Coast, wildfires damaged California, and windstorms damaged certain regions of Iowa. This interpretation is intended to be applied to affected policies in areas for which a state of emergency was declared by the state or federal agencies.</p> <p>This interpretation provides a one-time optional extension of the 90-day rule before nonadmitting uncollected premium balances, bills receivable for premiums, and amounts due from agents and policyholders required under SSAP No. 6.</p> <p>This interpretation is effective for year-end 2020 reporting, but will expire prior to first quarter interim reporting.</p>	Y	N	2020
2020-26 2020-27 2020-28 2020-29	<p><i>Appendix D—Nonapplicable GAAP Pronouncements</i></p>	P&C Life Health	<p>The following US GAAP ASUs were rejected as not applicable to statutory accounting principles:</p> <ul style="list-style-type: none"> • <i>ASU 2015-10, Technical Corrections and Improvements</i> • <i>ASU 2019-09, Financial Services—Insurance (Topic 944): Effective Date</i> • <i>ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815), Clarifying the Interactions between Topic 321, Topic 323, and Topic 815</i> • <i>ASU 2020-05—Effective Dates for Certain Entities</i> 	N	N	2020
2020-36	<i>Potential New SSAP</i>	Life	<p>Substantive – Exposed agenda item to solicit comments from state insurance regulators and industry regarding establishing accounting and reporting guidance for derivatives hedging the growth in interest for fixed indexed products.</p> <ul style="list-style-type: none"> • Two general options have been presented, and the Working Group is open for additional commentary and suggestions. • A notification of the exposure will be sent to the Life Actuarial (A) Task Force. 	N	N	TBD

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2020-41	<p>SSAP No. 5R—Liabilities, Contingencies and Impairment of Assets</p> <p>SSAP No. 72—Surplus and Quasi-Reorganizations</p> <p>SSAP No. 86—Derivatives</p>	P&C Life Health	<p>Nonsubstantive – Exposed proposed revisions to reject <i>Accounting Standards Update (ASU) 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity</i>, as this ASU primarily addresses various convertible debt valuation models, along with bifurcating embedded derivative components, which are concepts not supported under statutory accounting.</p>	N	N	TBD
2019-34	SSAP No. 25—Affiliates and Other Related Parties	P&C Life Health	<p>Nonsubstantive – Re-exposed proposed revisions with modifications from previous exposure reflected below. This agenda item could significantly broaden the scope or definition of a related party:</p> <ul style="list-style-type: none"> • Adds directors, officers • Adds immediate family members of principal owners, directors, and officers • Adds companies under common control • Adds ownership that exceeds 10%, regardless of “disclaimer of control” as allowed by state regulations • Adds an example of a situation illustrating where the presumption of control may be in doubt, as follows: <ul style="list-style-type: none"> – “Agreements where non-controlling ownership interest is less than 10% where the parties have structured the arrangement in this structure to avoid the 10% threshold” • Proposes the following new disclosures: <ul style="list-style-type: none"> – Ownership interest of the reporting entity and other significant relationships (greater than 10% ownership of the reporting entity) – Each owner’s ultimate controlling party and a listing of other US insurance groups or entities under that ultimate controlling party’s control. 	TBD	TBD	TBD
2020-22	SSAP No. 26R—Bonds	P&C Life Health	<p>Nonsubstantive – Exposed proposed revisions related to perpetual bonds:</p> <ul style="list-style-type: none"> • Current proposal clarifies that perpetual bonds are within the scope of this statement; however, must apply the “yield-to-worst” valuation assumption for subsequent measurement. • Additionally, for perpetual bonds that do not possess or no longer possesses a call feature, these perpetual bonds are proposed to be reported at fair value. 	TBD	TBD	TBD
2020-32	SSAP No. 26R—Bonds	P&C Life Health	<p>Nonsubstantive – Exposed proposed revisions related to disclosures for called bonds:</p> <ul style="list-style-type: none"> • Proposed revisions expand the called-bond disclosures to include bonds terminated through a tender offer. 	N	Y	TBD

Ref#	Title	Sector	Amendments exposed	F/S Impact	Disclosure	Effective date
2020-33	SSAP No. 32R— <i>Preferred Stock</i> SSAP No. 86— <i>Derivatives</i>	P&C Life Health	Nonsubstantive – Exposed proposed revisions to capture publicly traded preferred stock warrants as preferred stock, and not derivatives, with reporting at fair value.	Y	TBD	TBD
2020-34	SSAP No. 43R— <i>Loan-Backed and Structured Securities</i>	P&C Life Health	Nonsubstantive – Exposed proposed revisions to incorporate minor scope modifications to reflect recent changes to the Freddie Mac Structured Agency Credit Risk (STACR) and Fannie Mae Connecticut Avenue Securities (CAS) programs, which allow credit risk transfer securities from these programs to remain in scope of SSAP No. 43R when issued through a real estate mortgage investment conduit (REMIC) structure. In addition, exposed revisions to align SSAP No. 43R guidance regarding the financial modeling of mortgage referenced securities to the requirements as directed in the <i>NAIC SVO Purposes and Procedures Manual</i> .	Y	TBD	TBD
2020-37	SSAP No. 56— <i>Separate Accounts</i>	Life	Nonsubstantive – Exposed a request for information and a consideration to add a separate account product identifier. <ul style="list-style-type: none"> • Driven by the increase in Pension Risk Transfer transactions, the exposure requests comments regarding the degree of product granularity that should be captured in Separate Account general interrogatory 1.01. • With exposure, information was requested about when aggregate product reporting should be permitted. 	N	TBD	TBD
2020-38	SSAP No. 56— <i>Separate Accounts</i>	Life	Nonsubstantive – Exposed a request for comments related to pension risk transfer transactions: <ul style="list-style-type: none"> • Possible modifications to specifically address pension risk transfers (PRTs), including separate identification transactions, guarantees, reserve assumptions, etc., within existing disclosure requirements or the addition of new general interrogatories and new schedules/exhibits to distinguish specific product detail previously reported in an aggregated format. 	TBD	TBD	TBD

Ref#	Title	Sector	Amendments exposed	F/S Impact	Disclosure	Effective date
2019-24	SSAP No. 71— <i>Policy Acquisition Costs and Commissions</i>	P&C Life Health	<p>Nonsubstantive – Re-exposed proposed revisions to clarify levelized commissions.</p> <p>Previously, revisions were exposed addressing persistency commission and levelized commission guidance that industry and certain regulators opposed.</p> <p>During the Fall 2020 Virtual Meeting, the following was re-exposed:</p> <ul style="list-style-type: none"> • Clarification of existing levelized commissions guidance, which requires full recognition of funding agreement liabilities incurred for commission expenses; • Updated the description of funding agreements; • Deleted the previously exposed revisions related to persistency commissions; • Continue classification of this agenda item as a nonsubstantive revision noting that adopted revisions will be effective upon adoption by the NAIC. 	Y	N	TBD
2020-35	SSAP No. 97— <i>Investments in Subsidiary, Controlled and Affiliated Entities</i>	P&C Life Health	<p>Nonsubstantive – This proposed agenda item relates to equity method investments that are nonadmitted due to a qualified audit opinion resulting from an unquantified departure from US GAAP.</p> <p>Exposed a request for comments regarding the prevalence of nonadmission due to an unquantified departure of US GAAP, as the NAIC is considering allowing admission if the departure relates to US GAAP is rejected by statutory accounting principles.</p>	TBD	TBD	TBD
2020-42	Appendix D— <i>Nonapplicable GAAP Pronouncements</i>	P&C Life Health	<p>Nonsubstantive – Exposed the proposed rejection of the following US GAAP ASU as not applicable to statutory accounting:</p> <ul style="list-style-type: none"> • ASU 2020-07, <i>Presentation and Disclosures by Not-for-Profit Entities</i> 	N	N	TBD
2020-39	Appendix F— <i>Policy Statements</i>	P&C Life Health	<p>Nonsubstantive – Exposed proposed revisions related to the development and issuance of interpretations to statutory accounting. This item provides additional criteria for the adoption process by the committee structure of the NAIC.</p>	N	N	TBD
2020-40	<i>Preamble</i>	P&C Life Health	<p>Nonsubstantive – Exposed proposed revisions to clarify that any state in which a company is licensed can issue prescribed practices; however, the prescribed practices directed by the domiciliary state are to be reflected in the financial statements filed with the NAIC and are the financial statements subject to the independent audit requirements.</p>	N	N	TBD

The SAPWG also took the following actions, received updates, and provided direction to NAIC staff on the following items:

Ref#	Title	Sector	Description	F/S Impact	Disclosure	Effective Date
2019-21	SSAP No. 43R— <i>Loan-Backed and Structured Securities</i>	P&C Life Health	<p>Nonsubstantive – Previously, the NAIC exposed a preliminary issue paper to provide initial information on key concepts for revision consideration. In the original agenda item, the NAIC took an explicit position that the original intent of the scope of SSAP No. 43R was to include structured securities composed of bond-like investments.</p> <p>During the last exposure period, the Iowa Insurance Division submitted a proposal to:</p> <ul style="list-style-type: none"> Identify principles to govern investments reported as “long-term bonds” in the annual statements; and Determine clarifications for determining whether long-term bonds are captured within the scope of SSAP No. 26R—<i>Bonds</i> or SSAP No. 43R—<i>Loan-Backed and Structured Securities</i>. <p>The Iowa proposal was exposed for a comment period ending December 4, 2020.</p> <p>Note: Exposure is not suggesting edits to SSAP No. 26R.</p>	TBD	TBD	TBD
2020-30	SSAP No. 53— <i>Property and Casualty Contracts— Premiums</i> SSAP No. 54R— <i>Individual and Group Accident and Health Contracts</i> SSAP No. 66— <i>Retrospectively Rated Contracts</i>	P&C Life Health	<p>Nonsubstantive – The Working Group directed the development of authoritative guidance for policyholder refunds and other premium adjustments for accident and health and property and casualty lines of business.</p>	TBD	TBD	TBD
2019-49	SSAP No. 62R— <i>Property and Casualty Reinsurance</i>	P&C	<p>Nonsubstantive – The Working Group received a comment letter from the Committee on Property and Liability Financial Reporting (COPLFR) of the American Academy of Actuaries regarding potential ambiguity in the statement related to transfers of portfolio retroactive reinsurance that is accounted for as affiliated prospective reinsurance, which noted may lead to different annual statement presentations in Schedule P.</p> <p>The Working Group provided an update that this item is being discussed along with members of the Casualty Actuarial and Statistical (C) Task Force.</p>	TBD	TBD	TBD

Contacts

Gary Shaw

Vice Chairman
US Insurance Leader
Deloitte LLP
+1 973 602 6659
gashaw@deloitte.com

Richard Godfrey

Principal
US Insurance Risk & Financial
Advisory Leader
Deloitte & Touche LLP
+1 973 602 6270
rgodfrey@deloitte.com

Rick Sojkowski

Partner
Insurance Professional Practice Director
Deloitte & Touche LLP
+1 860 725 3094
rsojkowski@deloitte.com

Contributors

Lynn Friedrichs

Partner
Deloitte & Touche LLP
+1 615 313 4379
lfriedrichs@deloitte.com

Josh Martin

Managing Director
Deloitte & Touche LLP
+1 860 725 3153
joshmartin@deloitte.com

Mary Kay Ferrara

Specialist Master
Deloitte Consulting LLP
+1 312 486 5497
maferrara@deloitte.com

Sara Gambino

Audit & Assurance Specialist Leader
Deloitte & Touche LLP
+1 313 396 2903
sgambino@deloitte.com

Matthew Klaus

Specialist Leader
Deloitte Consulting LLP
+1 312 486 3535
mklaus@deloitte.com

John Tittle

Senior Manager
Deloitte & Touche LLP
+1 312 486 5486
johnntittle@deloitte.com

Senior editor

David Sherwood

Managing Director
Deloitte & Touche LLP
+1 203 423 4390
dsherwood@deloitte.com

Endnote

NAIC, "Suitability in Annuity Transactions Model Regulation," *NAIC Model Laws, Regulations, Guidelines and Other Resources – Spring 2020*, <https://www.naic.org/store/free/MDL-275.pdf>



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