NAIC update: Spring 2021 National Meeting

The National Association of Insurance Commissioners (NAIC) successfully hosted its 2021 Spring Meeting, representing the fourth virtual National Meeting since the start of the global pandemic. NAIC President and Florida State Insurance Commissioner David Altmaier welcomed participants and provided words of encouragement to insurance regulators from across the 56 states and territories as efforts continued to provide consumer protection in changing markets.

President Altmaier reflected that the NAIC's first meeting had been held in New York City on May 24, 1871, titled the "National Convention of Insurance Commissioners." It was not until 1936 that the organization changed its name to the National Association of Insurance Commissioners. The year 2021 represents the 150th anniversary of the NAIC, and while many of us no longer travel by stagecoach or transcontinental railway, there is anticipation of in-person meetings once again, as the NAIC's Summer National Meeting will be held in a hybrid format of virtual and in-person participation.

Top stories

What's next

August 14–17, 2021
Summer National Meeting
Columbus, Ohio
In-person and virtual format

NAIC President David Altmaier highlighted the following 2021 priorities of the NAIC and its members:

- Support COVID-19 recovery efforts, and work with Congress on federal mechanisms to support widespread availability of business interruption insurance for pandemic risk
- Focus on climate risk, including the review of areas such as disclosures; financial regulatory approaches; innovative insurer solutions; and sustainability, resilience, and mitigation issues related to the insurance industry
- Continue the commitment through the Race and Insurance Initiative to help eliminate practices or barriers that potentially disadvantage people of color or historically underrepresented groups
- Focus on big data and consumer data privacy. Due to the data-driven nature of the industry, commissioners need to stay up-to-date on current technology, understand how emerging technology may affect consumers, and ensure consumer data is protected; the NAIC and its members will continue to work with other regulators at the state and federal level
- Remain focused on long-term care insurance
- Through the State Ahead 2.0 plan, NAIC's blueprint for the future of the state system, focus on member tools, talent, and technology for the generation of regulators to come

Climate and resiliency

The Climate and Resiliency Executive (EX) Task Force reported the following:

- Review of material produced by the NAIC's Capital Markets Bureau showed that the US industry had approximately 13.8% of its total investments in stocks and bonds in climate-related investments (energy, fossil fuels, housing, transportation, utilities, and agriculture) at year-end 2019. Investments in fossil fuels represent less than 3% of the total.
- The Task Force explored the use of parametric insurance through the Innovation Workstream to fill coverage gaps related to natural catastrophe.
- The climate risk disclosure workstream noted that it had been reviewing climate-related reporting alternatives to that of the NAIC's Climate Risk Disclosure Survey. Commissioner Stolfi noted that federal and international regulators were also reviewing the need for climate-related disclosures. A memo was presented to the Task Force recommending that the 2021 reporting framework remain consistent with that of the 2020 reporting framework. Beginning in 2020, insurers could file either the Climate Risk Disclosure Survey or, in its place, that of the Task Force for Climate-Related Disclosures (TCFD). This interim step allows time for the workstream to develop its recommendations and allows consistency with the previous year's approach.
- Information was shared on ongoing federal updates, including those to the Securities and Exchange Commission (SEC), Financial Stability and Oversight Counsel (FSOC), Commodity Futures Trading Commission (CFTC), and the Federal Reserve's new Financial Stability Climate Committee (FSCC).

Race and insurance

Commissioner Altmaier noted that the Special (EX) Committee on Race and Insurance and the five workstreams that had been established had made progress in developing an initial set of recommendations:

Workstream 1

Workstream 1 was tasked with assessing the level of diversity and inclusion within the insurance industry. Studies show that diversity is good for business, and the workstream noted that the insurance industry can and should do more at all levels to improve diversity and inclusion. The workstream believes that more work needs to be done to develop specific, actionable recommendations for insurance regulators and companies. The workstream also wants to look at ways to measure progress and how state insurance regulators can support this effort.

Workstream 2

Workstream 2 was tasked with the review of two major components: incorporating diversity and inclusion within the NAIC and within state insurance departments. Reporting on both, the workstream noted a request for information from the NAIC, to which it has received a written response. It also noted that at the state and insurance department level, the workstream has developed a zone-based tool (subject to approval) to collect diversity best practices. The workstream has also identified several ways that the NAIC can help states with their efforts, such as the development of training.

Workstream 3

Workstream 3 was tasked with looking at property and casualty insurance, with a charge to focus on practices and barriers that potentially disadvantage people of color and/or people of underrepresented groups. The workstream has developed areas for further work, including:

- Affordability, availability, and access
- Education and outreach
- Producer issues (for example, licensing exams in foreign languages, mitigation of cultural bias by exam vendors, and number and location of producers by company versus demographics)
- Unfair discrimination
- Collection of industry data to better measure outcomes

The workstream noted the work of other NAIC groups already reviewing related issues.

Workstream 4

Workstream 4 was tasked with reviewing practices and barriers that potentially disadvantage people of color and minority and underserved populations in the life insurance and annuity lines of business. The workstream noted work is still underway to identify the barriers that exist and the steps that can be taken to remove these. Areas of focus include:

- Marketing and distribution practices, including the role of financial literacy
- Traditional life underwriting on the minority population, considering the correlation between mortality risk and disparate impact
- Cancellations and rescissions among minority policyholders
- Other unresolved issues, given the charge of this workstream that should be considered

Workstream 5

Workstream 5 was tasked with development measures to advance equity through lowering the cost of health care and promoting access to care and coverage, with specific focus on measures to remedy impacts on people of color, low-income and rural populations, and historically marginalized groups. The workstream set out the need to continue its work in several areas, including:

- Advancing equity through lowering the cost of care and promoting access
- Developing a model data call
- Evaluating mechanisms to resolve disparities and improve access to care
- Monitoring opportunities and identifying strategies for consumer education to address equity issues

The meeting received significant industry participation, with Commissioner Altmaier responding to comments concerning the Special Committee's level of transparency. Commissioner Altmaier went on to note that the Special Committee would expose its 2021 charges for a 30-day public comment period ending May 14, 2021.

International developments

International developments were outlined in the International Insurance Relations (G) Committee. The committee met several times in advance of the Spring National Meeting. The committee reported on several International Association of Insurance Supervisor (IAIS) developments, including:

- Approval concerning the provision of NAIC feedback on the IAIS's Application Paper of Supervision of Control Functions, Application Paper of Resolution Powers and Planning, and Consultation on the Development of Liquidity Metrics.
- Approval of NAIC feedback concerning the Sustainable Insurance Forum (SIF) and IAIS draft Application Paper on the Supervision of Climate-Related Risks in the Insurance Sector.
- An update on key 2021 priorities and projects of the IAIS, including the baseline assessment (BLA) concerning implementation assessment activities of the holistic framework for systemic risk. Also noted is an update on the Insurance Capital Standard (ICS) that is currently undergoing assessment during the five-year monitoring period, as well as an update on the Aggregation Method (AM) with a focus on the current development of draft definition and high-level principles to develop criteria for the assessment of whether the AM provides comparable outcomes to the ICS. This work is expected to continue through 2021, with a consultation at year-end.
- Further IAIS discussions included climate risk and sustainability, along with discussions on the ongoing activity of the IAIS to monitor the continuing global impact of COVID-19 on insurance supervisors and the insurance sector.
- It was noted that the NAIC, along with California, New York, and Washington Sustainable Insurance Forum (SIF) members, participated in a first virtual call of 2021. Anna Sweeney from the Bank of England had recently been appointed as the new chair of SIF, and the Federal Insurance Office (FIO) had recently become a SIF member. The focus was three workstreams:
  - Impact of climate-related risks on insurable assets
  - Sustainability issues beyond climate
  - Climate risk in relation to actuarial processes

The Climate and Resiliency (EX) Task Force reported on its international activities during the Spring National Meeting. During the first virtual call of 2021, the SIF discussed its completion of a public consultation of a joint application paper with the IAIS concerning the Supervision of Climate Related Risk.

Rashmi Sutton (NAIC) noted a report that had been produced by the United Nations Environment Programme (UNEP) Finance initiative (FI) Principles for Sustainable Insurance (PSI). This report sets out guidance for the insurance industry to identify and disclose the impact of climate change on its business. Additionally, the Financial Stability Board (FSB) is producing a report on the financial stability implications of climate change.

Actuarial update

Life Actuarial Task Force (LATF)

LATF heard an update on Society of Actuaries (SOA) Research and Education. A presentation on a recent SOA research study assessing the impact of COVID-19 on group and individual life mortality indicated a trend of negative mortality improvement in 2020.

The Academy Life Practice Council (LPC) gave an update on its recent activities, including publication of the 2021 Life & Health Valuation Law Manual, Principle-Based Reserving (PBR) analysis templates, and updated C-1 bond factors. Current priorities include support of the Economic Scenario Generator (ESG) transition and delivery of PBR Boot Camp.

As part of the current project to transition to an updated real-world ESG prescribed for use in determination of principle-based reserves and capital, LATF focused on discussion of comment letters received to date. Common themes discussed included negative treasury yields, corporate model complexity, extreme equity returns, inversion frequencies, equity model link to treasuries, international returns, project timeline, data format, projection period, and level of documentation.

LATF adopted one Valuation Manual amendment:

- **APF 2020-13** clarifies the VM-20 Section 7.D.3 asset collar when the modeled reserve is negative.

LATF exposed three Valuation Manual amendments:

- **APF 2020-10** recommends applying a prudent level of mortality improvement to the VM-20 reserve methodology beyond the valuation date.
- **APF 2021-04** clarifies the references to IRC 7702 in VM-02, Minimum Nonforfeiture Mortality and Interest.
- **APF 2021-03** updates VM-21 Section 6 to reflect the increase of the required minimum distribution (RMD) age from 70½ to 72.

Long-Term Care Insurance (LTCI) Task Force Meeting

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 states in a timely manner and eliminates cross-state rate subsidization. The Subgroup developed a framework for a multistate actuarial (MSA) LTCI rate review process. The Subgroup released details of the operational aspects of the framework in a draft report.

LTCI Reduced Benefit Options (RBO) Subgroup

The Subgroup discussed its 2021 goals, which include:

- Evaluating innovative options that allow insurers to provide wellness benefits that would lessen the likelihood an insured would need long-term care services
- Developing mechanisms to help regulators and consumers compare RBO options
- Pursuing more uniformity in consumer notices for RBOs

LTCI Financial Solvency Subgroup

The Subgroup discussed general trends it has seen recently in industry LTCI experience, which include lower lapses, lower mortality, and longer duration of claims (in part due to higher incidence of dementia claims).

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 2021 Spring and Interim Meetings. Substantive changes (changes in accounting principles or method of applying the principles) finalized during these meetings have explicit effective dates, as documented below. All nonsubstantive changes (changes that clarify existing accounting principles) 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 2021 Spring and Interim Meetings.

The SAPWG adopted the following ***nonsubstantive*** items as final during the 2021 Spring and Interim Meetings:

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2020-41	*SSAP No. 5R—Liabilities, Contingencies and Impairment of Assets* *SSAP No. 72—Surplus and Quasi-Reorganizations* *SSAP No. 86—Derivatives*	P&C Life Health	Adopted revisions rejecting *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,* as this ASU primarily addresses various convertible debt accounting models under US GAAP, along with bifurcating embedded derivative components, which are concepts not supported under statutory accounting.	N	N	NA

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2019-34	*SSAP No. 25—Affiliates and Other Related Parties*	P&C Life Health	The adopted revisions significantly broaden the scope and definition of a related party: • Adds directors, officers, immediate family members of principal owners, and companies under common control. • Adds that ownership that exceeds 10% of the reporting entity, regardless of "disclaimer of control" as allowed by state regulations, is a related party. • Adds an example of a situation illustrating where the presumption of control may be in doubt, as follows: – "Agreements where <u>direct or indirect</u> non-controlling ownership interest is less than 10% where the parties have structured the arrangement in this structure to avoid the 10% threshold" • Adopted the following new disclosures of ownership interests in the reporting entity outside of the financial statements (Schedule Y) (intent is to capture information related to active ownership and not intended for passive fund owners): – "Disclosure is required for all owners with greater than 10% ownership of the reporting entity" – "Reporting entity must disclose each owner's ultimate controlling party and must provide a listing of other U.S. insurance groups or entities under that ultimate controlling party's control" • The financial statements must still include disclosure of material related party transactions, including with the ownership interests identified on Schedule Y.	Y	Y	2021
2020-22	*SSAP No. 26R—Bonds*	P&C Life Health	Adopted revision clarifies that perpetual bonds are within the scope of this statement; however, must apply the "yield-to-worst" method of accounting. Additionally, for perpetual bonds that do not possess or no longer possess a call feature, these perpetual bonds are reported at fair value, regardless of NAIC designation.	Y	N	2021
2020-32	*SSAP No. 26R—Bonds*	P&C Life Health	This agenda item was in response to the Working Group's previous adoption of 2020-02, which clarified that the accounting and reporting of bond investment income and capital gains and losses, due to early liquidation either through a call or a tender offer, shall be similarly applied. Adopted revision expands the called-bond disclosures to include bonds terminated through a tender offer.	Y	Y	2021
2020-33	*SSAP No. 32R—Preferred Stock* *SSAP No. 86—Derivatives*	P&C Life Health	Adopted revisions capture publicly traded preferred stock warrants as preferred stock, and not derivatives, with reporting at fair value.	Y	N	2021

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
2020-34	*SSAP No. 43R—Loan-Backed and Structured Securities*	P&C Life Health	Adopted 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 to the above revision, the Working Group adopted unrelated guidance to align SSAP No. 43R guidance regarding the financial modeling of mortgage referenced securities to the requirements, as directed in the P&P Manual.	Y	N	2021
2019-24	*SSAP No. 71—Policy Acquisition Costs and Commissions*	P&C Life Health	Adopted revisions clarifying the following requirements: • Levelized commissions guidance requires full recognition of funding agreement liabilities incurred for commission expenses obligated when an insurance policy is written • Updated the description of funding agreements • Effective date of December 31, 2021: – Applies to existing contracts or funding agreements in effect as of December 31, 2021, and new contracts or funding agreement thereafter. – No change required in the interim periods, but change in accounting as described in SSAP No. 3—Accounting Changes and Corrections of Errors on the effective date. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year (2021) and the amount of capital and surplus that would have been reported at that date if the new accounting requirement was applied retroactively for the entire period, and is recorded to unassigned funds. • NOTE: – This item was also adopted by the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee. This item will be brought to a plenary vote during the Summer National Meeting.	Y	N	2021

Ref#	Title	Sector	Amendments adopted	F/S impact	Disclosure	Effective date
	Appendix B – INT 20-03: Troubled Debt Restructuring Due to COVID-19 *INT 20-07: Troubled Debt Restructuring of Certain Debt Investments Due to COVID-19*	P&C Life Health	Adopted revisions to these interpretations by an interim e-vote on January 25, 2021, to extend the provisions for temporary relief from troubled debt restructurings through January 2, 2022, or the date that is 60 days after the date on which the national emergency concerning COVID-19 outbreak under the CARES Act terminates.	Y	N	2021
2020-42	*Appendix D—Nonapplicable GAAP Pronouncements*	P&C Life Health	Adopted revision rejects ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* as not applicable to statutory accounting.	N	N	2021
2020-39	*Appendix F—Policy Statements*	Life	Adopted revisions related to the issuance of interpretations, including majority voting requirements based on whether the guidance amends, supersedes, or conflicts with existing statutory accounting.	N	N	2021
2020-40	*Preamble*	P&C Life Health	Adopted revisions that clarify that prescribed practices of the domiciliary state are the practices that are filed with the NAIC and are subject to financial statement audit by independent accountants.	Y	Y	2021

The SAPWG exposed the following items for written comments by interested parties:

Ref#	Title	Sector	Amendments exposed	F/S impact	Disclosure	Effective date
2021-05	*SSAP No. 2R—Cash, Cash Equivalents, Drafts and Short-Term Investments*	P&C Life Health	***Nonsubstantive*** – Relates to statutory accounting treatment for cryptocurrencies, defined as digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority, such as the Federal Reserve System. Exposed proposed interpretive guidance in INT 21-01T: Statutory Accounting Treatment for Cryptocurrencies: • Cryptocurrencies do not meet the definition of cash in SSAP No. 2R and are nonadmitted assets for statutory accounting. The exposure also requests the following information: • Extent to which companies currently hold cryptocurrencies; • How the acquisition in cryptocurrency is held (held directly by the insurer or indirectly through an SCA); • Which cryptocurrencies are acquired (Bitcoin, Ethereum, Litecoin, etc.); and • General level of interest for future investment by both companies that currently do and do not own cryptocurrencies.	Y	N	TBD
2021-02	*SSAP No. 26R—Bonds*	Life	***Nonsubstantive*** – Proposed revision to reject ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs, which addresses the amortization of premium for callable debt securities, therefore maintaining current statutory accounting and the yield-to-worst method of valuation.	N	N	TBD
2021-08	*SSAP No. 47—Uninsured Plans*	Life	***Nonsubstantive*** – Proposed revision to reject ASU 2021-02, Franchisors – Revenue from Contracts with Customer (Subtopic 952-606): Practical Expedient consistent with conclusions to reject US GAAP revisions associated with revenue recognition.	N	N	TBD

Ref#	Title	Sector	Amendments exposed	F/S impact	Disclosure	Effective date
2021-01	*SSAP No. 86—Derivatives* *SSAP No. 15—Debt and Holding Company Obligations* *SSAP No. 22R—Leases*	P&C Life Health	***Nonsubstantive*** – Exposed proposed revisions to *INT 20-01: ASU 2020-04 – Reference Rate Reform:* • Proposed revision allows application of *ASU 2021-01* to derivative transaction for instruments that are modified to change the interest rate indexes used for margining, discounting, or contract price alignment as a result of reference rate reform: – Proposed revisions add an optional and temporary expedient and exception guidance aligned with *ASU 2021-01*, Reference Rate Reform *(Topic 848)* that also includes derivative contracts that undergo a similar transition but do not specifically reference a rate that is expected to be discontinued. – Expands the current exceptions provided by the existing interpretation to allow for the continuation of the existing hedge relationship (not requiring hedge dedesignation) for derivatives affected by changes to reference rates and interest rate indexes. • Expiration date: December 31, 2022.	Y	N	TBD
2021-04	*SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*	P&C Life Health	***Nonsubstantive*** – Recent revisions to SSAP No. 97 provide that equity method losses are recognized until carrying value of the investment reaches zero. Losses remain tracked for disclosure purposes. During discussions for the above noted revisions, it was clearly identified that insurance-related SCAs and foreign insurers could be valued at less than zero due to required adjustments for insurance and insurance supporting entities. Initially, this item considered no longer requiring foreign insurers to be reported at a negative value as a result of statutory adjustments. However, upon review of SCA filings, it was noted that this issue has not occurred. This item is now proposing disposal of this agenda item.	N	N	NA
2021-03	*SSAP No. 103R—Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*	P&C Life Health	***Nonsubstantive*** – Proposed revisions to data-capture existing disclosures that are currently in narrative format, especially related to assets sold but retained by the reporting entity.	N	Y	TBD

Ref#	Title	Sector	Amendments exposed	F/S impact	Disclosure	Effective date
2021-09	*SSAP No. 107—Risk-Sharing Provisions of the Affordable Care Act*	P&C Life Health	***Nonsubstantive*** – Originally, the risk-sharing programs included the risk adjustment, the transitional reinsurance program, and risk corridors. The transitional reinsurance program has expired, but several states have received approval from the Department of Health and Human Services (HHS) to run similar state ACA reinsurance programs under what are known as Section 1332 waivers. Proposed revisions would include State ACA reinsurance programs, which are using Section 1332 waivers in the scope of SSAP No. 107, with the intent to continue the existing accounting to be applied to the state ACA programs.	Y	Y	TBD
2020-37	*SSAP No. 56—Separate Accounts*	P&C Life Health	***Nonsubstantive*** – Driven by the increase in Pension Risk Transfer transactions and comments received, the reexposure illustrates the blanks proposal developed to modify the current General Interrogatory instructions and require that a distinct, disaggregated product identifier be applied to each product while eliminating proprietary information. Currently, no change to SSAP No. 56 is proposed.	N	N	TBD
2020-38	*SSAP No. 56—Separate Accounts*	P&C Life Health	***Nonsubstantive*** – As noted in above for Agenda Item 2020-37, this item was also reexposed, with the same illustration of the blanks proposal to modify the General Interrogatory instructions to require a distinct, disaggregated product identifier to be applied to each product. Currently, no change to SSAP No. 56 is proposed.	N	Y	TBD
2021-07	*Appendix D—Nonapplicable GAAP Pronouncements*	P&C Life Health	***Nonsubstantive*** – Proposed revisions to reject the following US GAAP accounting standards update related to effective date of guidance for Long-Duration Targeted Improvements, consistent with previously rejected US GAAP guidance: • *ASU– 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application*	N	N	TBD
2021-06EP	*Editorial Revisions*	P&C Life Health	***Nonsubstantive*** – Exposed editorial revisions to the following: • *SSAP No. 53—Property Casualty Contracts–Premiums:* Revisions retitle to SSAP No. 53—Property and Casualty Contracts – Premiums. • *SSAP No. 97:* Revisions correct grammatical errors in paragraph 54. • *SSAP Glossary:* Revisions remove the footnote in the Glossary title and replace it as an opening paragraph with updated verbiage.	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—Loan-Backed and Structured Securities*	P&C Life Health	***Substantive*** – 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. Previously, the Iowa Insurance Division submitted a proposal to: • 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—Bonds or SSAP No. 43R—Loan-Backed and Structured Securities. Interested parties, NAIC staff, and IA regulators have developed criteria for reporting on Schedule D-1 – Long-Term Bonds, which includes issuer obligations and asset-backed securities. At the time of the meeting, project was finalizing the criteria for exposure, expected by the end of May 2021. It is expected that if investments no longer meet the updated criteria for reporting on Schedule D-1, those investments will be reported on Schedule BA – Other Long-Term Investments and Risk-Based Capital Charges would be evaluated for adjustment.	Y	TBD	TBD
2019-49	*SSAP No. 62R—Property and Casualty Reinsurance*	P&C Life Health	***Nonsubstantive*** – The Working Group received an update regarding the referral received 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. Working with the Casualty Actuarial and Statistical (C) Task Force, the preliminary recommendation is that premium transferred under such transactions should be allocated to prior Schedule P calendar year as follows: • *Premium to the prior calendar year premiums;* • *Losses to the prior accident year incurred losses.*	Y	N	TBD
2020-35	*SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*	P&C	***Nonsubstantive*** – Reexposed agenda item with note regarding the intention to dispose of this agenda item, as it was determined that situations do not exist that hinder the admittance of subsection 8.b.iii. entities (US and foreign noninsurance US GAAP basis SCAs) due to the inability to quantify the departure from US GAAP.	N	N	NA

Ref#	Title	Sector	Description	F/S impact	Disclosure	Effective date
TBD	*SSAP No. 105R—Working Capital Finance Investment*	P&C Life Health	The Working Group received an update that the Valuation of Securities (E) Task Force is working on updates to the Purposes and Procedures Manual of the NAIC Investment Analysis Office in coordination with recent revisions to SSAP No. 105R. Potential revisions to SSAP No. 105R may result.	TBD	TBD	TBD
2020-36	*SSAP No. 108—Derivatives Hedging Variable Annuity Guarantees*	Life	***Substantive*** – Reexposed 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. Reexposure allows for additional time for the development of proposed guidance. Originally considered to be a new SSAP, it is now expected to be revisions to SSAP No. 108: • *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.*	Y	TBD	TBD
NA	*INT 19-02: Freddie Mac Single Security Initiative*	P&C Life Health	An update was provided that the interpretation remains in effect and does not appear to be subject to termination in the foreseeable future.	NA	NA	NA
NA	*Paycheck Protection Program (PPP)*	P&C Life Health	The Working Group received an update regarding the reporting of existing loans and extinguishment of loans association from the PPP: • *SSAP No. 15—Debt and Holding Company Obligations; paragraph 11 provides related guidance:* – A reporting entity shall derecognize a liability if, and only if, it has been extinguished. A liability has been extinguished if either of the following conditions is met: • *The reporting entity pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes delivery of cash, other financial assets, goods or services, or reacquisition by the debtor of its outstanding debt securities; or* • *The reporting entity is legally released from being the primary obligor under the liability, either judicially or by the creditor.* • SSAP No. 15 treatment is consistent with one of the alternatives provided in recent AICPA guidance and the proper accounting for statutory reporting.	NA	NA	NA

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