

Financial Condition (E) Committee Technical Changes

Background Information. At the 2009 Fall National Meeting, the NAIC Membership approved a new process for the final adoption of technical matters from the Financial Condition (E) Committee. The new process was enacted to provide these technical changes to the industry and affected parties as quickly as possible, allowing them more time to modify their systems and processes for such changes.

Details of Process Adopted

1. A list of technical items (shown on the page[s] that follow) will be provided by the Financial Condition (E) Committee to the Executive (EX) Committee and Plenary within one week of the completion of the national meeting.
2. The list contains only what the Financial Condition (E) Committee considers technical and routine, and it does not include items that are significant by NAIC standards (e.g., it would not include proposed model laws, model regulations, or guidelines) or items considered controversial.
3. Members of the Executive (EX) Committee and Plenary have 10 days to review the attached list and voice any objection with respect to a specific item.
4. If no objections are raised on a particular item or any of the items, each and all items will be considered adopted by the Executive (EX) Committee and Plenary, similar to the consent agenda process.
5. If there is an objection to any one or multiple items, a joint meeting of the Executive (EX) Committee and Plenary will be scheduled to address the particular item(s).
6. Items receiving no objection will be considered adopted and thus inserted into the appropriate publication and/or made available to the industry and other parties for implementation.

Request for Approval. Under the above process, the Executive (EX) Committee and Plenary members are hereby requested to review the attached list and voice any objections to a specific item(s) by **December 22, 2025**. Any item(s) receiving an objection will be pulled from this automatic consideration, and a meeting will be scheduled to address the issue.

Action Taken During the 2025 Fall National Meeting

Date Released to Executive (EX) Committee and Plenary Members:

December 12, 2025

Objections Due from Executive (EX) Committee and Plenary Members:

December 22, 2025

The following technical items were adopted by the Financial Condition (E) Committee during the 2025 Fall National Meeting:

1. Accounting Practices and Procedures Manual (AP&P Manual) Changes and Related Items

- Adopted the following statutory accounting principle (SAP) revisions:
 - *Preamble*: Revisions clarify the treatment of issue papers in level 5 and reference U.S. Securities and Exchange Commission (SEC) rules and interpretations as sources of authoritative U.S. generally accepted accounting principles (GAAP) for SEC registrants. (Ref #2025-12EP)
 - *Statement of Statutory Accounting Principles (SSAP) No. 2—Cash, Cash Equivalents, Drafts and Short-Term Investments, SSAP No. 21—Other Admitted Assets, SSAP No. 26—Bonds, and SSAP No. 43—Asset-Backed Securities*: Revisions, effective Dec. 31, 2026, incorporate a new reporting column to identify private placement securities in investment schedules and an aggregate disclosure that details key investment information by type of public or private security. (Ref #2025-19)
 - *SSAP No. 21, SSAP No. 26, and SSAP No. 43*: Revisions, effective Dec. 31, 2026, clarify existing debt security disclosure reporting locations and frequency and incorporate disclosures for residuals, which include whether the company is transitioning from the practical expedient to the allowable earned yield method. (Ref #2025-20)
 - *SSAP No. 37—Mortgage Loans and SSAP No. 40—Real Estate Investments*: Revisions allow residential mortgage loans held in qualifying statutory trusts to be captured in the scope of SSAP No. 37. These revisions are effective Jan. 1, 2027, with early adoption permitted. (Ref #2025-13)
 - *SSAP No. 92—Postretirement Benefits Other Than Pensions and SSAP No. 102—Pensions*: Revisions clarify that retirement plan assets can be held at net asset value and shall be included in the required fair value disclosure. (Ref #2025-21)
 - *SSAP No. 101—Income Taxes*: Revisions adopt, with modification, certain aspects from *Accounting Standards Update (ASU) 2019-12, Simplifying the Accounting for Income Taxes*. The revisions also incorporate U.S. GAAP guidance previously incorporated by reference. (Ref #2025-18)

2. Financial Condition Examiners Handbook Changes, Other Examination Tools, and Related Items

- Adopted the following revisions:
 - *Section 1-2 (D): Salary and Per Diem Guidelines* to include updated legacy daily rates for various financial examination positions adopted by the Risk-Focused Surveillance (E) Working Group.
 - *Section 1-2 (E): General Salary Guidelines* to include updated salary ranges for various financial examination positions adopted by the Risk-Focused Surveillance (E) Working Group.
 - *Exhibit A and corresponding narrative guidance in Section 2-1*: Revisions simplify and consolidate examination planning steps.
 - *Reinsurance Ceding Repository*: Revisions add the new catastrophe reinsurance interrogatory as an information source and other potential procedures when reviewing catastrophic reinsurance coverage for reasonableness.
 - *Exhibit Q*: Revisions clarify that there should be a meeting at the end of the examination to communicate exam results with the analyst.

- *Introduction and Section 1-4*: Revisions provide guidance on the responsible use of artificial intelligence (AI), including considerations regarding user review of AI output and confidentiality.
- *Capital and Surplus and Reinsurance Ceding Repositories*: Revisions include sample procedures related to modified coinsurance (modco) reinsurance and related collateral held.
- *Investments Repository*: Revisions include procedures that help ensure appropriate reporting treatment of securities under the principle-based bond definition.
- *Reserves/Claims Handling (Life) Repository*: Revisions add sample procedures for asset adequacy testing (AAT) for certain asset-intensive reinsurance transactions in accordance with *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55).
- *Multiple sections throughout the Financial Condition Examiners Handbook*: Revisions reflect changes to the risk matrix verbiage, as standalone risk matrices will be phased out with the transition to TeamMate+. Updates were also made to Exhibits V, CC, and DD to replace outdated automatic reference counting (ARC) reference examples with hyperlinks, reflecting how references appear in TeamMate+.

3. Financial Analysis Handbook Changes and Related Items

- Adopted the following revisions:
 - Revisions addressing contractor oversight, branded risk assessment guidance, principle-based bond definition and investment analysis guidance, separate accounts guidance, various updates to analysis of notes to the financials guidance, and updated Insurer Profile Summary (IPS) and Group Profile Summary (GPS) examples.
 - Revisions to the property/casualty (P/C) Insurance Regulatory Information System (IRIS) liquidity ratio.
 - Revisions to include updated salary ranges for various financial analysis positions adopted by the Risk-Focused Surveillance (E) Working Group.

4. Implementation Guide for Annual Financial Reporting Model Regulation (#205) Changes and Related Items

- None

5. Annual Statement Instructions Changes and Related Items

- Adopted its editorial listing.

6. Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) and Related Items

- Adopted the following amendments to the P&P Manual:
 - Amendment that permits a 30-day filing grace period for insurers to provide the annual private letter rating update.
 - Amendment to revise the effective date for the financial modeling of collateralized loan obligations (CLOs) to 2026.

7. NAIC Risk-Based Capital (RBC) Formula Changes and Related Items

- Adopted 2025-08-CR (Jan. 1–Oct. 15 Cat Event List) to update the U.S. and non-U.S. catastrophe event lists to include catastrophe events between Jan. 1 and Oct. 31, 2025.

8. Uniform Certificate of Authority Application (UCAA), Company Licensing Best Practices Handbook, and Related Items

- None

9. NAIC *Own Risk and Solvency Assessment (ORSA) Guidance Manual (ORSA Guidance Manual)* and Related Items

- None

10. *Receiver's Handbook for Insurance Company Insolvencies (Receiver's Handbook)* and Related Items

- None

11. *Process for Evaluating Qualified and Reciprocal Jurisdictions* and Related Items

- None

12. NAIC Enterprise Risk Report (Form F) Implementation Guide and Related Items

- None

13. *Troubled Insurance Company Handbook* Changes and Related Items

- None

14. Risk Retention Group (RRG) Regulatory Tools and Related Items

- None

15. Group Capital Calculation (GCC) Instructions and Template

- None

16. Financial Stability/Macroprudential Risk Assessment Tools and Related Items

- None