

## **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 **April 15, 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 Spring National Meeting**

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

April 4, 2025

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

April 15, 2025

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

---

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

- Adopted the following statutory accounting principle (SAP) revisions:
  - *Statement of Statutory Accounting Principles (SSAP) No. 1—Accounting Policies, Risks & Uncertainties and Other Disclosures*: Revisions require restricted asset disclosure for modified coinsurance and funds withheld assets reported within a ceding company's financial statements. (Ref #2024-20)
  - *SSAP No. 16—Electronic Data Processing Equipment and Software*: Revisions update references to the U.S. generally accepted accounting principles (GAAP) Accounting Standards Codification (ASC). (Ref #2024-25)
  - *SSAP No. 26—Bonds*: Revisions clarify that a bond disclosure shall be reported by category and subcategory as reported in Schedule D, Part 1, Section 1 (Issuer Credit Obligations) and Section 2 (Asset-Backed Securities). (Ref #2024-26EP)
  - *SSAP No. 41—Surplus Notes*: Revisions clarify capital notes references and guidance. (Ref #2024-28)
  - *SSAP No. 56—Separate Accounts*: Revisions clarify measurement methods for separate account assets and prescribe guidance for transfers to/from the general and separate accounts. (Ref #2024-10)
  - *SSAP No. 86—Derivatives*: Revisions clarify terms for derivative financing premium. (Ref #2024-23)
  - *SSAP No. 104—Share-Based Payments*: Revisions adopt with modification *Accounting Standards Update (ASU) 2024-01, Scope Application of Profits Interest and Similar Awards*. (Ref #2024-22)
  - *Preamble*: Revisions add issue papers to Level 5 in the statutory hierarchy. (Ref #2024-27)
  - *Interpretation (INT) 24-02: Medicare Part D Prescription Payment Plans*: Adopted interpretation prescribes guidance for Medicare Part D prescription payment plans and incorporated minor edits to *INT 05-05: Accounting for Revenues Under Medicare Part D Coverage*. (Ref #2024-24)
  - *Issue Paper No. 170—Tax Credits Project*: Adopted issue paper documents the historical discussions in the development of *SSAP No. 93—Investments in Tax Credit Structures* and *SSAP No. 94—State and Federal Tax Credits*. (Ref #2022-14)

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

- None

**3. Financial Analysis Handbook Changes and Related Items**

- None

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

- None

**5. Annual Statement Instructions Changes and Related Items**

- Adopted the following proposals:
  - 2024-13BWG Modified: Updated annual investment schedules for bond project editorial items.

## Financial Condition (E) Committee Technical Changes

- 2024-14BWG Modified: Updated the 2025 annual (2026 quarterly) investment schedules line category for “Bonds Issued by Funds Representing Operating Entities.”
- 2024-15BWG: Removed the Affordable Care Act (ACA) disclosure on the transitional reinsurance program and the risk corridors program from the Supplemental Health Care Exhibit (SHCE).
- 2024-16BWG: Removed the quarterly investment interrogatory line 13 for reporting mortgages and real estate in short-term investments.
- 2024-17BWG: Added a pet insurance line to the Market Conduct Annual Statement (MCAS) premium exhibit.
- 2024-18BWG: Added a footnote to SHCE, Part 2, to report the amount of premium deficiency reserves included in the lines of Part 2.
- 2024-20BWG Modified: Added an electronic-only company contact information field to the annual and quarterly jurat page for the assessment contact.
- 2024-21BWG: Updated Schedule D, Parts 4 and 5, to add clarifying instructions on what should be included in the investment schedule.
- 2024-22BWG: Updated Schedule BA definitions for surplus debentures and capital notes to add clarification on what should be reported in these categories.

- Adopted its editorial listing.

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

- None

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

- Adopted proposal 2024-23-CR: Updated the 2024 U.S. and non-U.S. catastrophe event lists.

### **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***

- A. 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