

### ***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 coming 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 to allow 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 5, 2024**. Any item(s) receiving an objection will be pulled from this automatic consideration, and a meeting will be scheduled to address the issue.

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**Action Taken During 2024 Spring National Meeting**

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

**March 26, 2024**  
**April 5, 2024**

The following technical items were adopted by the Financial Condition (E) Committee during the 2024 Spring National Meeting:

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

- Adopted the following new statutory accounting principle (SAP) concept revisions:
  - *Statement of Statutory Accounting Principles (SSAP) No. 34—Investment Income Due and Accrued; SSAP No. 48—Joint Ventures, Partnerships, and Limited Liability Companies; SSAP No. 93—Low-Income Housing Tax Credit Property Investments; and SSAP No. 94R—Transferable and Non-Transferable State Tax Credits:* Revisions, effective Jan. 1, 2025, address all investments that primarily provide tax credits or other tax benefits, expanding SSAP No. 93 guidance beyond low-income housing tax credits, as well as providing guidance for acquired tax credits. (Ref #2022-14)
  - *SSAP No. 21R—Other Admitted Assets:* Revisions, effective Jan. 1, 2025, provide guidance for debt securities that do not qualify as bonds and consistent accounting guidance for residual interests. The adoption of these revisions finalizes the planned statutory accounting revisions under the principles-based bond project. (Ref #2019-21)
- Adopted the following clarifications to statutory accounting guidance:
  - *SSAP No. 21R—Other Admitted Assets:* Revisions incorporate a collateral loan disclosure for year-end 2024 to detail admitted and nonadmitted collateral loans in accordance with the underlying collateral supporting the loan. (Ref #2023-28)
  - *SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities:* Revisions update guidance on audits and admissibility to better align with guidance on the look-through method. (Ref #2023-30)
  - *Annual Statement Instructions:* Revisions clarify that perpetual preferred stock and mandatory convertible preferred stock shall follow the same concepts that exist for common stock in reporting through the asset valuation reserve (AVR). (Ref #2023-29)
  - *Various SSAPs:* Revisions reject Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments* (CECL) and related subsequent ASUs in various SSAPs and INT 06-07: *Definition of Phrase “Other Than Temporary.”* (Ref #2023-24)
  - *Interpretation (INT) 23-04: Scottish Re Life Reinsurance Liquidation Questions:* Interpretation provides accounting and reporting guidance for ceding entities with reinsurance balances to or from Scottish Re, a U.S.-based life reinsurer in liquidation.
  - *Appendix D—Nonapplicable Generally Accepted Accounting Principles (GAAP) Pronouncements:* The following U.S. GAAP standards were rejected as they are not applicable to statutory accounting:
    - *ASU 2023-03, Amendments to U.S. Securities and Exchange Commission (SEC) Paragraphs* (Ref #2023-25)
    - *ASU 2023-04, Amendments to SEC Paragraphs—Cryptocurrency* (Ref #2023-27)

**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:
  - 2023-05BWG Modified – Changes to the cybersecurity supplement to remove the reference to identity theft insurance from the General Instructions; remove the interrogatory questions from Part 1 that pertain to identity theft insurance; and remove the column for identity theft insurance from Part 2 and Part 3. Remove claims-made and occurrence breakdown from data collection and remove the question regarding tail policies from the interrogatories.
  - 2023-13BWG Modified – Add new instruction and illustration under Note 5 – Investments for Net Negative (Disallowed) Interest Maintenance Reserve (IMR) and a new general interrogatory for a company attestation.
  - 2023-14BWG Modified – Revise the health test language and general interrogatories.
  - 2023-15BWG Modified – Add a new general interrogatory to the Life General Interrogatories Part 2 to provide needed information for completing the C-2 mortality risk in the life risk-based capital (RBC).
  - 2023-16BWG Modified – Change Schedule P in the property/casualty (P/C) blank to show 10 years of data and a “prior” row for all lines of business beginning in 2024. This modifies requirements for seven lines of business that currently only show two years of data and a “prior” row.
- 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 the following amendments to the RBC formulas:
  - Proposal 2023-13-CR: Collecting additional information from insurers on the structure of their catastrophe reinsurance program on an annually confidential basis.

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- Proposal 2023-14-P: Removing pet insurance from the inland marine line of business and adding a new line of business in the Risk-Based Capital, Schedule P pages to be consistent with the change in the annual statement.
- Proposal 2023-15-CR: Providing the structure change for adding severe convective storm as one of the catastrophe perils for informational purposes only in the Rcat component.
- Proposal 2024-01-P: Updating the Risk-Based Capital, Schedule P short-tail schedules to reflect the changes in the Annual Statement, Schedule P short-tail schedules.

**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

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

- None

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

- None

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

- None

**16. Group Capital Calculation (GCC) Instructions and Template**

- Adopted updated life scalars for the 2023 GCC reporting template.

**17. Financial Stability/Macroprudential Risk Assessment Tools and Related Items**

- None