

## Statutory Accounting Principles Working Group

3/10/07

The Working Group held a HEARING to address comments on previously exposed issues. The following actions were taken during the hearing:

- Ref #2006-11: Multi Cedent Reinsurance Agreements
- Final – Adopted the nonsubstantive addition of a new paragraph to SSAP No. 62—*Property and Casualty Reinsurance* which adds specific requirements for multi cedent reinsurance agreements. In addition, the Working Group modified the agenda item submission form noting a new paragraph was inserted in SSAP No. 62.
- Ref #2006-24: SSAP No. 61 Ceding Commissions
  - Final – Adopted the nonsubstantive change relating to SSAP No. 61, which describes presentation requirements for ceding commissions on the annual statement blanks.
- Ref #2006-27: Clarify SSAP No. 56, paragraph 20
- Final – Adopted the nonsubstantive change, which clarifies the insurer is also responsible for market value losses on modified guaranteed contracts.
- Ref #2006-28: Consider inclusion of Model Regulation 815 into Appendix A-Excerpts of Model Laws
- Final – Adopted the nonsubstantive changes to SSAP No. 80, which adds a reference to Appendix A-815. In addition the new Appendix A-815 was adopted. Finally, the agenda item submission form was modified to note the proposal does not include property and casualty companies.
- Ref #2006-31: Disclosure Amendment to SSAP No. 10 for Protective Tax Deposits
  - Final – Adopted the nonsubstantive addition to the disclosure requirements of SSAP No. 10—*Income Taxes* to include the aggregate amount of IRS Code Section 6603 deposits included in “Current Income Tax Recoverables.”

Next, the Working Group moved to their regular MEETING and reviewed the Maintenance Agenda – PENDING LIST, taking the following actions:

- Reviewed Life and Health Actuarial Task Force response to the referral on Life Reinsurance.
  - Rejected – Moved the following two agenda items to the rejected listing:
    - Ref #2006-19: Amend SSAP No. 61 to clarify the deferred premium asset, and
    - Ref #2006-20: Add an additional Question and Answer to A-791
- Ref #2007-01: FSP FAS 126-1 – Disclosure and Interim Reporting for Obligors for Conduit Debt Securities
  - Exposed – Item was moved to the Nonsubstantive Active Listing; exposed the nonsubstantive change to Issue Paper No. 99, which rejects FSP FAS 126-1 as not applicable to statutory accounting.

- Ref #2007-02: FAS 131: Segment Disclosures
  - Exposed – Item was moved to the Nonsubstantive Active Listing; exposed the nonsubstantive change to Issue Paper No. 99, which rejects FAS 131 as not applicable to statutory accounting.
- Ref #2007-03: Reporting of premium receivables with credit balances on group contracts
  - Deferred – Directed NAIC staff to prepare language for consideration in June 2007.

Next, the Working Group reviewed the Maintenance Agenda – SUBSTANTIVE ACTIVE listing, taking the following actions:

- Received an update on Guaranty Fund Subgroup: Ref #2006-14 Modify SSAP No. 35 for Property and Casualty Assessments, noting that a survey was submitted to Chief Examiners of all jurisdictions.
- Ref #2006-18: FIN 48 – Accounting for Uncertainty in Income Taxes
  - Action – Referred the draft issue paper and comments received from interested parties to the Subgroup for review.
- Ref #2006-29: FAS 150: Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity
  - Deferred – Reviewed industry comments and determined to defer work on this issue until comments are received from the Valuation of Securities Task Force.
- Ref #2006-30: FAS 158: *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)*
  - Action – The Working Group requested industry comment related to the consideration to eliminate the statutory accounting modification excluding nonvested employees when accounting for pensions and other post employment benefit plans.

Next, the Working Group reviewed the Maintenance Agenda – NONSUBSTANTIVE ACTIVE listing, taking the following actions:

- Ref #2005-17: Move INT 03-17 Disclosure to SSAP No. 55
  - Exposed – The exposed change to SSAP No. 55 was amended to require disclosure only on a direct basis, moved to a separate paragraph of the statement, and re-exposed.
  - Action – The blanks proposal on this issue was modified to be consistent with the changes in the disclosure.
- Received comments from Interested Parties on SSAP No. 88 (Ref# 2006-17) and referred these comments to the SSAP No. 88 Subgroup.

Next, the Working Group reviewed any other matters:

- Received a verbal update regarding activities of the Property and Casualty Reinsurance Study Group.
- The SAPWG held an educational session on FAS 157: Fair Value Measurement at the March National Meeting. Noted the Working Group's appreciation of Brian Stevens (FASB), Amie Thuener (PriceWaterhouseCoopers), Darryl Briley (KPMG), Rick Lynch (Ernst & Young) and Ed Wilkins (Deloitte & Touche).
- American Academy of Actuaries Presentation by Larry Bruning, Kansas actuary on principles based reserving.
- Interim meeting minutes for Dec.21, were adopted.

Comment deadline for issues newly exposed from the MEETING or re-exposed at the HEARING is **May 4, 2007**

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