NAIC Summer Meeting 2026, Accounting Updates (SAPWG)

JLK Rosenberger Certified Public Accountants

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

Topic / Issue	**What's the Rub?** JLK Rosenberger Perspective	Applicable to	Financial Statement Impact	Disclosure	Effective Date	Ref #	SSAP	Status	Discussion
ADOPTIONS									
Separate Account Nonadmitted Assets	Nonadmitted assets should generally be a rare event in the separate account situation, yet with the increased potential of the use of book value assets in the separate account arena, occasional situations may give rise to the need for this option. As the Discussion section further clarifies, the process is set up to be infrequent and not encourage manipulation of non-admits from the general account. We give this a lower priority because its impact will be minimal to the overall insurance entity universe, yet important to the larger insurance entity community engaged in the life and annuity space.	L	Y	Y	Effective 1/1/2027	2025-25	SSAP 56	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed targeted revisions to SSAP No. 56 - Separate Accounts. Historically, the concept of nonadmitted assets existed in separate accounts, but it wasn't explicitly presented the way it is in the general account. Regulators identified that book-value (general account-based) separate accounts didn't have a clear mechanism to enforce admissibility rules. That created the potential for inconsistent treatment and, in some cases, overstated statutory positions. Adopted changes require explicit identification of nonadmitted assets within separate accounts, prevent nonadmitted general account assets from being "moved" into separate accounts and treated differently, and align separate account reporting with general account principles, including new balance sheet columns and supporting schedules.
Administrative Services Contracts Disclosure Certification	The overall target group here is narrow and targeted primarily to the health arena and ASO/ASC plans (but could also potentially impact P&C) that perform cost-based administrative services (claim payment administration). The clarification organizes the concepts to be included in the determination of contract gain/loss.	L, AH, PC	Y	Y	Effective 12/31/2026	2025-30	SSAP 47	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed revisions to SSAP No. 47 - Uninsured Plans, along with updates to Note 18B. The revision corrects how net gain or loss is calculated for Administrative Services Contract (ASC) plans. ASC plans are typically low-risk from an underwriting perspective, but misstatements in gain/loss can distort results and reduce comparability across insurers. Adopted revisions changed gain/loss calculation methodology and enhanced Note 18B disclosures.

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Updated Coverage Gap	This is a clean-up item - Discussion section provides the primary fodder.	AH	N	Y	Effective Immediately	2025-31	NA	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed revisions to INT 05-05 - Accounting for Revenues Under Medicare Part D Coverage. This is essentially a refresh of statutory guidance to align with current Medicare Part D structure. The old framework included mechanics tied to the coverage gap discount program. With that program now eliminated, continuing reference to it creates unnecessary confusion and potential misapplication. Adopted revisions remove outdated references, clarifies how manufacturer discounts should be reflected going forward, and keep statutory accounting in sync with CMS program design.
Remove Shaded Text	This is a clean-up item - Discussion section provides the primary fodder	L, AH, PC	N	N	Effective Immediately	2025-32	SSAP 40	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed revisions to SSAP No. 40 - Real Estate Investments and SSAP No. 90 - Impairment or Disposal of Real Estate Investments. The revisions remove shaded text instructions that were used historically for transition or guidance context and previously superseded guidance that is no longer applicable but still appears in the standards.

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Updates to Annual Statement Expense Descriptions and Categories	This could be useful for expense account clarification since a number of the expense categories can be quite general in their descriptions; annual statement instructions are helpful as to specific items to be included but also can be general in their descriptive nature.	L, AH, PC	N	N	Effective Immediately	2025-33	N/A	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed revisions to modernize expense descriptions and categories across the annual statement blanks. The proposal updates how expenses are labeled and categorized in the blanks to better reflect how insurers operate today. Adopted revisions affected the following statements: Property & Casualty (Exhibit 1) Life/Fraternal (Exhibit 2) Health (Exhibit 3) Title (Exhibit 4) Adoptions had no changes to underlying statutory accounting.
Updates to Economic Scenario Generator and Non-Variable Annuities	For the actuarial community, the economic scenario generator could be a material addition for the actuarial projection process. It comes with highly focused guidelines and guardrails in order to utilize its facilities and is used within the principle-based reserving (PBR) realm. Under restricted parameters, the process allows the use of non-prescribed, proprietary scenario models for a company to model risk and balance sheet volatility. It's a deep dive, so if interested you will need to perform specific reading on the topic.	L	N	Y	Effective Immediately	2025-34	Valuation Manual update	Adopted 3/23/2026	On December 9, 2025, the SAPWG exposed revisions to SSAP No. 3 - Accounting Changes and Corrections of Errors, SSAP No. 51 - Life Contracts, and SSAP No. 52 - Deposit-Type Contracts. The proposed revisions focus on consistent financial reporting during transition periods when carriers phase in new valuation approaches. Adopted revisions enhance disclosures for VM-20 phase-in (economic scenario generator) and require insurers to treat VM-22 adoption as a formal change in valuation basis that needs to be disclosed as a change in accounting principle in accordance with guidance in SSAP 3.

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Sale-Leaseback Clarification	This one is a guardrail clarification to the statutory lease SSAP 22 to circumvent inventive programs that do not clearly create an arm's-length transaction due to restrictions inserted within the sale-leaseback agreement. It keeps everyone on a level playing field.	L, AH, PC	Y	Y	Effective Immediately	2025-01	SSAP 22	Adopted 3/23/2026	On December 9, 2025, SAPWG exposed further revisions to SSAP 22. The exposed revisions incorporate aspects of changes recommended by the NAMIC/APCIA comment letter and include additional NAIC staff changes to further clarify. SAPWG adopted the exposed revisions to SSAP 22 – Leases, which clarified situations where a sale-leaseback transaction includes restrictions on cash or assets that are received as part of a sale.
IMR Proof of Reinvestment	This issue originates from the monumental rate hikes the U.S. experienced between March 2022 and July 2023 when a series of 11 rates hikes were instituted to curb the post-COVID pandemic inflation jolt. During that period the Fed funds rate spiked from 0.25%-0.50% to 5.25%-5.50%. Clearly this whipsawed bond pricing to accommodate the rising interest rate environment. The outcome was material losses showing up in insurers' portfolios impacting IMR calculations and creating substantial negative IMR balances that could not be considered admitted assets under current IMR rules. Insurers approached the NAIC for relief and in 2023 were granted temporary reprieve to admit negative IMR balances (up to 10% of C&S) if a specific set of processes were incorporated in the admittance process (INT 23-01), including maintaining a minimum RBC greater than 300% adjusted authorized control level. There are also extensive disclosure requirements proving up compliance. By the way, the NAIC responsible committees are contemplating making this process permanent in the long-term.	L	Y	Y	In Process TBD	2025-23	New SAP Concept ------------------ New Issue Paper in Development	Adopted 3/23/2026	On December 9, 2025, SAPWG exposed the proposed concepts and templates for the IMR Proof of Reinvestment. These concepts and disclosures are anticipated to be included in the issue paper and revised SSAP developed as part of the IMR long-term project. Adopted the proposed concepts for the IMR Proof of Reinvestment. With the Proof of Reinvestment, insurers would have to pass the proof in order to move into a net negative IMR position or increase a net negative IMR position in either the general account or book-value separate account. If a company does not complete the proof of reinvestment the company will be required to recognize losses that exceed gains from sales of qualifying fixed-income investments immediately as a capital loss. The concepts and revised disclosure templates will be subsequently exposed and considered for final adoption in the issue paper and revised SSAP.

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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	In addition to the initial requirements summarized above, this Issue 2025-03 now incorporates an added step to support net negative IMR admittance. The general concept behind negative IMR is that the proceeds from the sale of fixed-income securities have been reinvested into new fixed income investments providing a higher yield (this makes conceptual sense). With 2025-03 SAPWG has now incorporated the requirement to "track" those proceeds to prove and disclose the sales monies have been truly reinvested. That's not an easy task with cash flowing in all directions in a life company. So, SAPWG will provide a set of templates to standardize the proof process in calculating and disclosing the entity true-up of proof (which is rather extensive). If one fails the annual proof test, then you lose the option to admit the net negative IMR balance. **BOTTOM LINE:** The proof of reinvestment can be a rather extensive, multistep process. Insurance entities will want to assess their overall net negative IMR balances to determine materiality if considering incorporating the additional effort.								

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Nonadmittance of Long-Term Repos	Some background - Why would a company want to employ a repurchase or reverse repurchase instrument? Answer 1 = if they have excess cash they can put that cash to better use via a reverse repurchase (i.e., lending) and potentially earn a higher return with minimal risk since the instrument is collateralized by highly-rated securities. Answer 2 = alternatively, if the entity has a need for liquidity or leverage, it can borrow cash for shorter term periods generally at a cheaper interest rate. Answer 3 = longer term repos are not as prolific, but do exist and are typically called "term repos" because, unlike their short-term repo cousins, they have a fixed maturity date and can have a duration of several months to a year or more. Again, due to full collateralization, these instruments offer a lower risk alternative. **LOGICAL APPROACH:** Due to the limited risk associated with these instruments, the NAIC made a logical reassessment of the existing requirements and changed its stance to admit the long-term repurchase agreement. However, in its continued conservative approach, SAPWG **will require nonadmitted status of reverse repurchase instruments with maturities greater than one year.** Reason? The supporting collateral for a reverse repo is subject to market value fluctuation, thereby potentially exposing that instrument (and insurer) to negative market impact, leaving it uncollateralized (or insufficiently collateralized).	L, AH, PC	Y	Y	Effective Immediately	2025-28	New SAP Concept	Adopted 3/23/2026	On December 9, 2025, SAPWG exposed revisions to SSAP No. 103 to allow long-term repurchase agreements to be admitted. SAPWG adopted the exposed revisions to SSAP No. 103 to allow long-term repurchase agreements to be admitted, along with clarification that reverse repurchase agreements with maturity dates in excess of one year shall continue to be nonadmitted. The revisions also provide guidance on the reporting of long-term reverse repurchase agreements.

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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Reporting Clarifications	The introduction of the Principles-Based Bond Project (PBBP) criterion created multiple changes within the annual statement reporting areas. In particular, the annual statement supporting instructions had multiple adjustments necessary to incorporate the revised PBBP rules. This 2025-09 item is a list of SAP clarifications encountered by annual statement preparers and interested parties when actually assembling the 2025 annual statement as it applied to interpretation of the PBBP. It provides clarification only.	L, AH, PC	N	Y	Effective 12/31/2026	2025-29	AS blanks and instructions ----------------- SAP Clarification	Adopted 3/23/2026	On December 9, 2025, SAPWG exposed an agenda item to modify and clarify guidance on the reporting of certain components in investment schedules, particularly in reference to the principles-based bond definition for debt securities. SAPWG adopted this agenda item and communicated support for sponsoring a blanks proposal to clarify reporting on debt securities. This agenda item included clarifications on the following topics: payment due at maturity, origination balloon payment %, rated notes/feeder funds, aggregate deferred interest, residuals on Schedule BA, and look-through on investments with underlying mortgage characteristics. This agenda item did not result in any SSAP revisions.

NAIC Summer Meeting 2026, Accounting Updates (SAPWG)

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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Qualifying Statutory Trusts	A number of people in the industry are not familiar with insurance company usage of the Delaware Statutory Trust vehicle (DST). In a nutshell, it is a trust established via Delaware statutory trust regs that allows for considerable flexibility in structuring this particular trust. A key aspect of holding real estate in a DST is that it circumvents the requirement to obtain an individual state lending license for every state the entity holds investments in a residential mortgages. The goal of this SAPWG adoption is to provide universal accounting direction for these qualified trusts regardless of domiciliary state, and, in essence, allowing reporting under SSAP 37 - Mortgage Loans through Schedule B of the annual statement blank for those mortgage loans qualifying under the update. Further revisions have been made to SSAP No. 2 and SSAP No.40 dealing with cash and cash equivalents and foreclosed real estate held in a qualifying statutory trust, respectively.	L, AH, PC	Y	Y	Effective 1/1/2027; Early Adoption Permitted	2025-13	SSAP 2, SSAP 37, and SSAP 40	Adopted 5/18/2026	On May 18, 2026, SAPWG adopted Issue Paper 172 discussing the history and mechanics of the new SAP concept adopted on December 9, 2025. The concept allows certain mortgage assets held in a qualifying statutory trust to be accounted for and reported as if they are held directly by the insurer.
SSAP 1 Modco/FWH Code	The ultimate goal here appears to add transparency by clearly segregating and identifying specific investments and assets directly allocated to modco and funds withheld and that those assets are understood as not also available for the general account.	L, AH, PC	N	Y	Effective Immediately	2025-27	SSAP 1	Adopted 5/18/2026	On December 9, 2025 SAPWG exposed an agenda item proposing revisions to SSAP 1 paragraph 23b. Restricted asset categories were aligned to match other reporting in Note 5L, specifically regarding modco and funds withheld assets and ensuring they are separately identifiable.

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FABN Disclosure	What's a FABN? It occurs in the life insurance arena and represents a debt security issued by a special purpose vehicle (SPV) formed by a life insurance company. The instrument is issued through what is called a "funding agreement," which in itself is a specific type of agreement associated with a strict interest rate arbitrage program that allows it to be accounted for under SSAP 52 - Deposit-Type Contracts, and is carried in Exhibit 7 - Deposit-Type Contracts in the life annual statement. Many times these funding agreements are associated through the Federal Home Loan Bank (FHLB) program available to the insurance industry. That is the definition and background. So... what's the rub? The NAIC regulatory concern here is that no disclosure exists in the instructions or SSAPs that indicates an FABN (or similar-type vehicle) is associated with the particular funding agreement. So, this is a disclosure adoption to SSAP 52 to provide regulatory financial analysis with the future ability to identify these types of vehicles with capital market risks.	L	N	Y	Effective 12/31/2026	2026-01	SSAP 52	Adopted 5/18/2026	On March 23, 2026 SAPWG exposed an agenda item regarding the concern that although existing reporting identified funding agreements it did not identify whether they backed funding agreement-backed notes (FABNs) or similar structures. The suggested changes added specific disclosures for FABNs and similarly structured agreements. On May 18, 2026 SAPWG adopted the revision to SSAP 52.
2026 Spring National Meeting	No further explanation necessary - see Discussion section.	N/A	N	N	Effective Immediately	2026-03EP	SAP Editorial	Adopted 5/18/2026	On March 23, 2026, SAPWG exposed an agenda item to provide revisions to the NAIC Accounting Practices and Procedures Manual, such as editorial corrections, reference changes and formatting. On May 18, 2026, these revisions were adopted.

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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Net Negative (Disallowed) Interest Maintenance Reserve	This is a one-year extension of the temporary permitted admittance of net negative IMR if the embedded guardrails are met. In retrospect, the IMR issue seems to be an evolving project with the original purpose to remove disconnects between the annual statement instructions and the SSAP accounting guidance since over the years a mishmash of instructions had occurred between the two. It appears net negative IMR will be here to stay but contains some relatively protective guardrail requirements to dissuade circumvention, and will required considerable language additions to the final IMR/AVR SSAP to incorporate all those issues. Does this place additional responsibility (and client audit cost increases) on the auditor to assess and test guardrail compliance? **LOGIC APPROACH:** For those who do not remember the original purpose behind IMR, it represents an adjustment of valuation to preserve consistency or status quo between the Valuation Manual liability calculation methodology, which maintains a static cash flow discount rate from inception, and the amortized asset base supporting those reserve liabilities (where yield can be flexible based on that fixed income activity); hence, the original requirement of IMR gain deferral to align with the long-term insurance reserve liability methodology in the event a reserve-supporting fixed asset was sold prior to maturity.	L	Y	Y	Effective Immediately	2023-14 ----------- See related 2025-23 Adoption @ 03/23/26	SSAP 7, INT 23-01	Adopted 8/12/2026 ------------- To expire 1/01/2028	INT 23-01 was adopted originally on August 13, 2023. It provided temporary guidance for certain qualifying insurers to admit negative IMR. It has continued to be extended with its most recent extension being until December 31, 2027. The intention is for the proposed SSAP 7 revision to become effective January 1, 2028 and to replace this temporary guidance.

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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IMR Impact to Reinsurance Collateral	Note this modification ONLY applies to assuming reinsurers that are unauthorized or certified where collateral is required under the Credit for Reinsurance Model Law and the Credit for Reinsurance Model Regulation. Industry has noted that including derecognized net positive IRM in collateral has been a component of the reinsurance treaty language. NAIC says "no," as it is.not consistent with SAP and any modifications should be handled through permitted practice. So, we have an application consistency issue. Next, the question arose how to handle net negative IMR in similar situations. This is not addressed in SSAP No. 61 as it was never an item due to the previous negative IMR rules. If applied symmetrically, should it go to reduce the required reinsurance collateral? Common sense prevails. SAPWG adopted the position that net positive IMR should impact reinsurance collateral requirements by increasing the collateral required. However, reinsurance collateral required cannot be decreased by derecognition of net negative IMR. Conservatism continues to rein!	L, AH, PC	Y	N	Effective Immediately	2025-22	AS blanks and instructions ----------------- SAP 61 Clarification	Adopted 8/12/2026	On December 9, 2025, SAPWG exposed an agenda item to revise SSAP 61 to address the treatment of positive and negative IMR using an asymmetrical approach and requested comments. SSAP 61 already provided guidance that positive IMR increases collateral. A symmetrical approach would mean that negative IMR is treated in a mirrored way, i.e., negative IMR would decrease the collateral requirement. Under the asymmetrical approach, positive IMR increases collateral, while negative IMR has no impact on collateral. On August 12, 2026, SAPWG adopted the asymmetrical approach into the revised SSAP 61.

NAIC Summer Meeting 2026, Accounting Updates (SAPWG)

HIGH PRIORITY MODERATE PRIORITY LOW PRIORITY

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Securities Lending Restricted Asset Reporting	No rub here other than this clarification is intended to shore up questions that have arisen by the expansion of original note 5L. So the key to this change is to adjust SSAP No. 1, annual statement instructions and associated annual statement blanks to remove the reference to collateral held that was evidently confusing some people in reporting and now refer to it as a "loaned asset." As such, the restricted asset classification should clearly pertain to the asset lent on the reporting party's books and not apply to the collateral received. This also will strengthen how RBC is applied to each category.	L, AH, PC	Y	Y	Effective Immediately	2026-05	AS blanks and instructions ----------------- SAP 1 Clarification	Adopted 8/12/2026	On March 23, 2026, SAPWG exposed an agenda item to clarify SSAP 1 concerning Securities Lending Restricted Asset Reporting. This was a clarification on how restricted assets were reported to avoid the possibility of double counting between securities that were actually lent and the collateral received. This was done by defining the two pieces more clearly. Securities lending restricted assets terminology was changed to “assets lent under securities lending arrangements,” while collateral received that meets the criteria of being able to be sold or repledged is now reported as “collateral received with liability recognized for the return.” This distinction helps identify the difference between the two and avoids potential double counting. On August 12, 2026, these revisions were adopted.
Referral on AVR Affiliated Common Stock	The Asset Valuation Reserve (AVR) originally came into existence in 1992, basically replacing its predecessor Mandatory Securities Valuation Reserve (MSVR). Since then, the AVR has evolved and been tweaked materially over the past 30+ years with the implementation of SSAP 97 and SSAP 48 (and others). This clarification basically shores up certain wording via revisions to the life annual statement blank and instructions. There are no revisions to the related SSAPs.	L, AH	N	N	2027 Annual Statement	2026-07	AS blanks and instructions ---------------- SAP Clarification	Adopted 8/12/2026	On May 18, 2026, SAPWG exposed an agenda item to clarify lines 65-69 in the AVR instructions. These instructions involved how investments were classified/reported within AVR, as well as the reporting of certain Schedule BA investments. It also distinguishes between affiliated life insurers carrying AVR and other affiliated/SCA-type investments. This was adopted on August 12, 2026, and will be effective in the 2027 Annual Statement instructions.