



Insurance Statutory Reporting

Issues & Trends

We summarize new and revised statutory accounting standards for 2021 financial reporting and thereafter.

February 2022

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Introduction

This Insurance Statutory Reporting summarizes new and revised statutory accounting standards for 2021 financial reporting and thereafter, highlights the related NAIC meeting materials, and links to KPMG publications for additional discussion.

Effective for 2021 reporting

- SSAP No. 32R improved the preferred stock definitions, revised the measurement guidance, and clarified the impairment guidance for preferred stock. Early adoption was permitted.
- SSAP No. 25 clarified the types of entities and individuals considered related parties. The revisions also include a new Schedule Y disclosure recommended by the Group Solvency Issues Working Group.
- [SSAP No. 61R clarified the life and health reinsurance disclosures.](#)
- SSAP No. 71 clarified that acquisition costs are expensed as incurred, regardless of third-party arrangements.
- SSAP No. 103R added disclosures about transfers of financial assets accounted for as a sale when the transferor maintains continuing involvement in the transferred financial assets.
- INT 20-01 adopted ASU 2021-01 that allows an optional transitional expedient to continue existing hedging relationships in certain circumstances. This guidance will expire December 31, 2022.
- INT 21-01 clarified that cryptocurrencies are nonadmitted assets.

Effective for 2022 reporting

SSAP No 43R clarified that residual tranches or interests are recorded at the lower of amortized cost or fair value and reported on Schedule BA. Effective December 31, 2022. Early adoption was permitted.

[New guidance in this edition is in light blue type.](#)

Unless otherwise indicated, the guidance became effective on adoption.

The NAIC Spring 2022 meeting is scheduled to be held in Kansas City April 5-8.

2021 reporting

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
16R, Electronic Data Processing Equipment and Software 43R, Loan-Backed and Structured Securities	2021-19EP	Editorial Revisions	Adopted December 11, 2021 Corrected paragraph references and removed references to deleted guidance.	N/A
25, Affiliates and Other Related Parties	2019-34	Recognition/ measurement, Presentation/ disclosure	Adopted March 15, 2021 Clarified the types of entities and individuals considered related parties. Revisions also include a new Schedule Y disclosure recommended by the Group Solvency Issues Working Group.	Issues & Trends 05/21
26R, Bonds	2020-02	Recognition/ measurement	Adopted July 30, 2020 Clarified the accounting and reporting of investment income and capital gains or losses for bond tender offers. <i>Effective January 1, 2021. Early adoption was permitted.</i>	Issues & Trends 09/20
	2020-22	Recognition/ measurement	Adopted March 15, 2021 Clarified that perpetual bonds with an effective call option are recorded at amortized cost using the yield-to-worst concept, with all other perpetual bonds recorded at fair value.	Issues & Trends 05/21
	2020-32	Presentation/ disclosure	Adopted March 15, 2021 Expanded disclosures for called bonds to include those terminated early through a tender offer.	Issues & Trends 05/21

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
32R, Preferred Stock	2019-04 2020-31	Recognition/ measurement	Adopted July 30, 2020 Revised the preferred stock definition, clarified how preferred stock are measured and impaired. <i>Effective January 1, 2021. Early adoption was permitted.</i>	Issues & Trends 09/20
	2021-10	Recognition/ measurement	Adopted August 26, 2021 Clarified when fair value is limited to the currently effective call price.	Issues & Trends 09/21
	2021-17	Recognition/ measurement	Adopted December 11, 2021 Clarified applicable valuation methods of preferred stock.	Issues & Trends 02/22
32R, Preferred Stock 86, Derivatives	2020-33	Recognition/ measurement	Adopted March 15, 2021 Clarified that publicly traded preferred stock warrants should be treated as preferred stock.	Issues & Trends 05/21
43R, Loan-Backed and Structured Securities	2020-34	Recognition/ measurement	Adopted March 15, 2021 Modified scope to include Freddie Mac Structured Agency Credit Risk and Fannie Mae Connecticut Avenue Securities programs.	Issues & Trends 05/21
	2021-11 INT 20-10	Recognition/ measurement	Adopted December 11, 2021 Identified SVO-identified credit tenant loans in the scope of SSAP 43R and removed examples of other loan-backed structured securities from the designation guidance. The adopted revisions also nullified INT 20-10.	Issues & Trends 02/22
	2021-15	Recognition/ measurement	Adopted December 11, 2021 Clarified that residual tranches included in Schedule D for 2021 year-end should be reported as NAIC 6 at lower of amortized cost or fair value.	Issues & Trends 02/22

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
48, Joint Ventures, Partnerships and Limited Liability Companies 97, Investments in Subsidiary, Controlled and Affiliated Entities	2021-04	Recognition/ measurement	Adopted August 26, 2021 Clarified when foreign insurance subsidiary, controlled and affiliated (SCA) entities and US and foreign noninsurance SCA entities can have negative equity.	Issues & Trends 09/21
55, Unpaid Claims, Losses, and Loss Adjustment Expenses	2021-13	Recognition/ Measurement	Adopted Nov 10, 2021 Clarified that salvage and subrogation estimates and recoveries can include amounts related to loss adjustment expenses (LAE). The corresponding estimates are reported as a reduction of the LAE reserves and amounts received are reported as a reduction of paid LAE.	Issues & Trends 02/22
56, Separate Accounts	2020-37 2020-38	Changes to Blanks filing	Adopted May 20, 2011 Recommended supporting the adoption of a proposal by the Blanks Working Group to modify the Separate Account General Interrogatories for pension risk transfer and registered index-linked annuity transactions. Adoption does not result in changes to statutory accounting.	Issues & Trends 06/21
61R, Life, Deposit-Type and Accident and Health Reinsurance Appendix A-791, Life and Health Reinsurance Agreements	2017-28	Recognition/ measurement, Presentation/ disclosure	Adopted December 7, 2019 Added question and answer guidance for yearly renewable term reinsurance contracts for group term life business. <i>Effective for contracts in effect as of January 1, 2021.</i>	Issues & Trends 01/20
61R, Life, Deposit-Type and Accident and Health Reinsurance	2021-31	Presentation/ disclosure	Adopted January 27, 2022 Clarified the life and health reinsurance disclosures. <i>Effective for 2021 reporting.</i>	Issues & Trends 02/22

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
68, Business Combinations and Goodwill	2020-03	Presentation/ disclosure	<p>Adopted July 30, 2020</p> <p>Expanded goodwill disclosures and clarified the reporting of investments in subsidiary, controlled and affiliated entities on Schedule D.</p> <p><i>Effective for 2021 reporting.</i></p>	Issues & Trends 09/20
71, Policy Acquisition Costs and Commissions	2019-24	Recognition/ measurement	<p>Adopted March 15, 2021 (SAPWG) and August 17, 2021 (Executive and Plenary)</p> <p>Clarified guidance for levelized commissions, to state that acquisition costs are expensed as incurred regardless of third-party arrangements.</p> <p><i>Effective December 31, 2021.</i></p>	Issues & Trends 09/21
86, Derivatives	2019-38	Presentation/ disclosure	<p>Adopted July 30, 2020</p> <p>Added definition of derivative premium and clarified reporting for derivatives when a premium is not remitted at acquisition.</p> <p><i>Effective January 1, 2021.</i></p>	Issues & Trends 09/20
103R, Transfers and Servicing of Financial Assets and Extinguishments of Liabilities	2021-03	Presentation/ disclosure	<p>Adopted May 20, 2021</p> <p>Added disclosures about transfers of financial assets accounted for as a sale when the transferor maintains continuing involvement in the transferred financial assets.</p>	Issues & Trends 06/21
106, Affordable Care Act Section 9010 Assessment INT 18-02, ACA Section 9010 Assessment Moratoriums	2020-05	Recognition/ measurement, Presentation/ disclosure	<p>Adopted July 30, 2020</p> <p>Superseded SSAP No. 106 and nullified INT 18-02.</p> <p><i>Effective for 2021 reporting.</i></p>	Issues & Trends 09/20

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
108, Derivatives Hedging Variable Annuity Guarantees	2021-18	Recognition/ measurement	Adopted January 27, 2022 Removed references to the 'standard scenario' consistent with VM-21 guidance. <i>Effective for 2021 reporting.</i>	Issues & Trends 02/22
INT 20-01, ASU 2020-04 & 2021-01 – Reference Rate Reform	2021-01	Recognition/ measurement	Adopted May 20, 2021 Adopted ASU 2021-01 that allows an optional transitional expedient to continue existing hedging relationships when modifications are made due to reference rate reform. <i>Expires on December 31, 2022.</i>	Issues & Trends 06/21
INT 21-01, Accounting for Cryptocurrencies	2021-01	Presentation/ disclosure	Adopted May 20, 2021 Clarified that directly held cryptocurrencies do not meet the definition of cash under SSAP No. 2R or the definition of an admitted asset under SSAP No. 4, and therefore are nonadmitted assets.	Issues & Trends 06/21
Appendix B, Interpretations of Statutory Accounting principles	INT 21-02	Recognition/ measurement	Adopted November 10, 2021 Temporarily granted an optional 60-day extension of the 90-day admissibility rule for uncollected premiums, bills receivable for premiums and amounts due from agents and policyholders for policies affected by Hurricane Ida. <i>This interpretation was automatically nullified on January 24, 2022 and is no longer effective for reporting periods after the date of nullification.</i>	Issues & Trends 02/22
Appendix E, Issue Papers	2019-24	Recognition/ Measurement	Adopted December 11, 2021 Adopted Issue Paper No. 165, Levelized Commissions that documents historical discussions of recent revisions to SSAP No. 71 for levelized commissions.	Issues & Trends 02/22

SSAP / INT, Title	NAIC Ref.	Type	Revisions	Read more
Appendix F, Policy Statement	2020-39	Does not directly affect accounting guidance	Adopted March 15, 2021 Clarified the process for adopting accounting interpretations.	Issues & Trends 05/21
	2021-14	Does not directly affect accounting guidance	Adopted December 11, 2021 Revised the NAIC Policy Statement on Maintenance of Statutory Accounting Principles to amend the terms used to describe statutory accounting revisions being considered by the Statutory Accounting Principles Working Group.	Issues & Trends 02/22
Preamble, Implementation Questions and Answers	2020-40	Does not directly affect accounting guidance	Adopted March 15, 2021 Clarified that prescribed practices directed by a domiciliary state should be reflected in financial statements filed with the NAIC and subject to independent auditor requirements.	Issues & Trends 05/21
Preamble 21R, Other Admitted Assets Appendix A-001 Appendix A-002 Appendix C Appendix C-2	2021-12EP	Editorial Revisions	Adopted November 10, 2021 Improved the readability of 21R, paragraph 9 about receivables for securities and updated paragraph number references. designation codes, and references to the former Emerging Actuarial Issues Working Group and Valuation Analysis Working Group.	N/A

2022 reporting

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43R, Loan-Backed and Structured Securities	2021-15	Presentation/ Disclosure	<p>Adopted November 10, 2021</p> <p>Clarified that residual tranches or interests are recorded at the lower of amortized cost or fair value and reported on Schedule BA.</p> <p><i>Effective December 31, 2022. Early adoption was permitted.</i></p>	<p>Issues & Trends 02/22</p>

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Acknowledgments

This edition of *Insurance Statutory Reporting* has been produced by the insurance practice of the Department of Professional Practice of KPMG LLP in the United States.

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