2026 NAIC Mid-Year SAPWG Summary

Johnson Lambert LLP is dedicated to keeping you informed of changes adopted by the NAIC. In this edition, you'll find a summary of statutory accounting adoptions made by the Statutory Accounting Principles Working Group (SAPWG) during 2026 through the Summer National Meeting, including items effective for year-end 2026 and those with 2027 effective dates that may require early planning.

Statutory Accounting Updates

Ref #	SSAP No	Title	Revision Description	Effective
2025-01	22	Sale-Leaseback Clarification	Clarifies that sale-leaseback transactions with restrictions on access to cash or assets received from the sale do not qualify for sale-leaseback accounting and must be accounted for by the seller using the financing method.	03.23.26
2025-28	103	Nonadmittance of Long-Term Repos	Allows repurchase agreements with maturity dates of greater than one year to be admitted. Reverse repurchase agreements with maturity dates of greater than one year continue to be nonadmitted given different risk profiles.	03.23.26
2025-34	3, 51, 52	Updates on Economic Scenario Generator and Non-Variable Annuities	Provides transition guidance for life, accident and health insurers for the optional phase-in period for *Valuation Manual* revisions regarding non-variable annuities and the economic scenario generator that were effective 01.01.26.	03.23.26

2025-27	1	SSAP No. 1 Modco/FWH Code	Expands paragraph 23.b. to align the restricted asset reporting categories to be consistent with Annual Statement Note 5(L)1. The Working Group deferred recommending investment schedule code changes to the Blanks Working Group to allow time to assess whether the restricted asset codes should be retained.	05.18.26
2023-14	INT 23-01	INT 23-01: Net Negative (Disallowed) Interest Maintenance Reserve	Extends the effective date of INT 23-01 Net Negative (Disallowed) Interest Maintenance Reserve (IMR) for life insurers to December 31, 2027 with automatic nullification on January 1, 2028.	08.12.26
2025-22	61	IMR Impact to Reinsurance Collateral	Adopts an asymmetrical approach for life and accident and health insurers, to clarify how IMR derecognized as part of a reinsurance transaction impacts the reinsurance collateral required to receive reinsurance credit. A derecognized net positive IMR shall increase reinsurance collateral requirements, whereas derecognized net negative IMR may not decrease reinsurance collateral requirements.	08.12.26
2026-05	1, Annual Statement	Securities Lending Restricted Asset Reporting	Changes the terminology used for security lending restricted assets to “Assets lent under securities lending arrangements,” to promote consistent reporting. Additionally, collateral received under securities lending arrangements that can be sold or repledged shall be captured as “Collateral received with liability recognized for the return”.	08.12.26

2025-30	47	Administrative Services Contracts Disclosure Clarification	Clarifies the disclosure of the gain/loss calculation for administrative service contracts in SSAP No 47 – Uninsured Plans. The disclosure is intended to show profitability of the contract. Communicates support for a Blanks Working Group proposal to update Note 18B gains/losses on administrative service contracts.	12.31.26
2026-01	52	FABN Disclosure	Incorporates new disclosures for funding agreement-backed notes (FABN's) and other similar structures, which are typically used by life insurance entities and accounted for under SSAP No. 52 – Deposit-Type Contracts. The disclosures allow the Macroprudential Working Group to better meet it's financial stability monitoring objectives.	12.31.26
2025-13	2, 37, 40, Issue Paper No. 172	Qualifying Statutory Trusts	**New SSAP Concept** Adopted issue paper describes the discussions and conclusions that occurred when developing the guidance for residential mortgage loans held in qualifying statutory trusts. The underlying guidance was adopted in December 2025 and is effective 01.07.27, with early adoption permitted.	01.01.27 - early adoption permitted
2025-25	56	Separate Account Nonadmitted Assets	**New SSAP Concept** Addresses nonadmittance for assets held under the "general account basis" in the separate account, and communicates support for the Blanks (E) Working Group proposal to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules.	01.01.27

The following SAPWG adoptions did not result in changes to statutory accounting. They may update reporting references to current terminology, eliminate superseded guidance, and/or propose changes to the annual statement blanks for consideration by the Blanks Working Group.

2025-31	INT 05-05	Update Coverage Gap Reference	No change to statutory accounting. Revisions impact insurers that provide Medicare Part D coverage and document the 12.31.14 discontinuation of the Coverage Gap Discount Program and include reference to the current Manufacturer Discount Program.	03.23.26
2025-32	40, 90, Summary of Changes and How to Use This Manual	Remove Shaded Text	No change to statutory accounting. Removes the shaded text instructions and deletes previously superseded guidance currently shown as shaded.	03.23.26
2025-33	Annual Statement Blanks and Instructions	Update to Annual Statement Expense Descriptions and Categories	No change to statutory accounting. Recommends a blanks proposal to update and modernize expense descriptions and categories with the Annual Statement.	03.23.26
2026-03EP	15, 52, Various SSAPs	2026 Spring National Meeting	No change to statutory accounting. Revisions delete the word “Funding” at the beginning of the paragraph that describes FHLB agreements, revise “CUSIP” to “Security Identifier,” and add “U.S.” before “generally accepted accounting principles” (GAAP), as appropriate.	05.18.26

2026-07	Annual Statement	Referral on AVR Affiliated Common Stock	No change to statutory accounting. Recommends a blanks proposal for the Life, Accident & Health / Fraternal Annual Statement blanks to ensure the asset valuation reserve (AVR) reporting schedule includes clear and consistent equity reporting lines for subsidiary, controlled or affiliated (SCA) common stock.	08.12.26
2025-29	Annual Statement Blanks and Instructions	Reporting Clarifications	No change to statutory accounting. Recommends a blanks proposal to clarify Schedule D reporting columns “payment due at maturity” and “origination balloon payment percentage” and for the reporting of maturity dates on Schedule BA.	12.31.26
2025-23	7	IMR Proof of Reinvestment	No change to statutory accounting. Adopted the proposed concepts and template for a net negative interest maintenance reserve (IMR) proof of reinvestment as developed by the IMR Ad Hoc Group. The reporting entity must complete calculations to demonstrate the cash received from selling bonds at a loss is reinvested in new bonds that pay a higher interest rate to support the deferral of realized losses with amortization over time. Directs NAIC staff to work with industry to continue refining the calculation template as a part of the larger work on IMR.	N/A

Rejected ASUs

There were no FASB ASUs rejected during 2026 meetings to date.

Property and Casualty Insurance (C) Committee

During the August 2026 meeting, the Property and Casualty Insurance (C) Committee heard a presentation from the Southern University Law Center (SULC) addressing the escalating use of criminal history as an insurance rating factor. Improved access to online public records at the local and municipal levels has led to an increase in usage by insurers and third-party data vendors for claims, underwriting, and fraud evaluations. While this data access has expanded rapidly, SULC highlighted several concerns regarding its application:

- Criminal history data is frequently inaccurate or incomplete. Underwriting inputs often capture initial arrests regardless of the final outcome, meaning records are penalized even if charges were dismissed, the defendant was acquitted, or the record was lost.
- Sophisticated models can capture minor traffic offenses and local municipal ordinance violations and improperly classify them as criminal violations.
- An estimated one-third of adult Americans have a criminal record. Given historic and current racial disparities in arrest and incarceration rates, unmonitored use of this data can unintentionally result in unfair discrimination.
- Incorporating historical data jeopardizes the purpose of accelerated rehabilitation and expungement laws, which are designed to erase nonviolent offenses and provide individuals with a fresh start.
- There is currently minimal regulatory or industry oversight regarding how third-party data modelers maintain data accuracy and comply with federal regulations like the Fair Credit Reporting Act (FCRA).

To address these blind spots, SULC requested that the C Committee issue an optional survey to property and casualty insurers. The proposed survey aims to establish baseline transparency regarding exactly how insurers and their data vendors currently utilize criminal history information in personal lines underwriting.

Big Data and Artificial Intelligence (H) Working Group

The Working Group received a status update on the pilot process for the AI Risk Evaluation Supplement. The pilot launched in March 2026 with 12 participating states and runs through September 2026. Participating regulators are using the supplement across a range of regulatory activities, including market conduct examinations, financial examinations, and financial analysis, as well as in support of more general regulatory inquiries. Pilot states are coordinating communication with one another and jointly determining which companies to include. For insurers, the practical takeaway is that the supplement is already being used as an examination and analysis tool in a dozen states, not solely as a data-collection exercise. Companies should expect AI governance documentation to be requested in connection with existing exam cycles.

Next, the Working Group heard a presentation from AM Best on how insurance company AI governance should evolve as companies move from predictive models to generative and, increasingly, agentic AI. AM Best's central point was proportionality. The depth of governance applied to an insurer's AI should scale with the level of risk associated with the technology. The presentation highlighted several expectations:

- Model validation before and after deployment
- Meaningful human oversight, particularly as systems gain autonomy
- Ongoing monitoring of model behavior and outcomes
- Documentation sufficient to explain decisions to a regulator
- Operational controls such as authorization limits and rollback procedures

AM Best emphasized that AI risk should be managed within an insurer's existing enterprise risk management framework rather than as a parallel program, and that governance must keep pace with the growing autonomy and complexity of the underlying technology.

If you have any questions about the 2026 mid-year summary you can contact us here.

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