



The Insurance Expert Panel (Expert Panel) had a virtual meeting on December 16, 2021, with the SEC Staff (the Staff), and discussed the following topics of interest:

Disclaimer

The AICPA's Insurance Expert Panel meets periodically with the staff of the SEC to discuss emerging financial reporting issues related to insurance trends and SEC rules and regulations. The purpose of the following highlights is to summarize the issues discussed at the meetings. The following comments and observations were prepared by the AICPA Insurance Expert Panel and AICPA staff and do not purport to be a transcript of the matters discussed. The highlights are not authoritative positions or interpretations issued by the SEC or its staff and users are urged to refer directly to applicable authoritative pronouncements for the text of the technical literature. The views attributed to the SEC staff are informal views of one or more of the staff members present, do not constitute an official statement of the views of the Commission or of the staff of the Commission and should not be relied upon as authoritative. Highlights of Joint Meetings of the AICPA Insurance Expert Panel and the SEC staff are not updated for the subsequent issuance of technical pronouncements or positions taken by the SEC staff, nor are they deleted when they are superseded by the issuance of subsequent highlights or authoritative accounting or auditing literature. As a result, the information, commentary or guidance contained herein may not be current or accurate and the AICPA is under no obligation to update such information. Readers are therefore urged to refer to current authoritative or source material.

1. Disclosure Observations:

Regulation S-X Rule 7-04 – The Staff discussed observations related to the presentation and disclosure of realized investment gains and losses as required by Regulation S-X Rule 7-04.

The Staff observed the inclusion of material amounts of unrealized gains and losses, or other amounts unrelated to investments, in the realized investment gains and losses line item on the statement of comprehensive income. The Staff noted that inherent in that observation were at least two potential issues: (1) the line item descriptor does not accurately describe the material amounts included within the line item and (2) the inclusion of amounts that are not realized and the inclusion of amounts that are not investment gains and losses (e.g., derivatives gains and losses) does not appear to comply with the SX 7-04 requirement to separately present on the face of the statement of comprehensive income realized gains and losses from investments regardless of size. The Staff noted it was making the observation: (1) to provide an avenue for discussion with the Expert Panel if there are underlying circumstances driving today's presentation that aren't otherwise evident from filing disclosure and (2) to share the observation with the Expert Panel and registrants broadly instead of only through the comment process.

Comment Process – The Staff reiterated that comments are an invitation to dialogue and not necessarily a request to revise disclosure. The Staff also noted that during the comment process it is helpful for companies to explain if something commented on is not material early in the comment process.

- FASB ASU 2018-12: Targeted Improvements to Long-Duration Contracts:** Based on the transition and effective dates for FASB ASU 2018-12, the Expert Panel asked the staff whether the answer in Question 11210.1 of the SEC Division of Corporation Finance Financial Reporting Manual (FRM) related to the lease standard could also be applied to ASU 2018-12. The Staff was considering the question at the time of the meeting.

Subsequent to the meeting the Staff informed the Expert Panel that the reissuance of the financial statements in Form S-3 accelerates the requirement to provide the financial statements for the years ended December 31, 2022, and 2021 with retroactive application, but does not change the transition date of FASB ASU 2018-12. The Staff expects this question to be addressed through an update of the FRM for FASB ASU 2018-12.