

Statutory Issue Paper No. 99

Nonapplicable GAAP Pronouncements

STATUS

Updated for actions taken by the Statutory Accounting Principles (E) Working Group and the Emerging Accounting Issues (E) Working Group through December 2014

Type of Issue:
Common Area

SUMMARY OF ISSUE

1. For items presented to the Statutory Accounting Principles (E) Working Group, this issue paper addresses Generally Accepted Accounting Principles (GAAP) pronouncements that are nonapplicable due to one of the following reasons:

- a. The pronouncement does not relate to the insurance industry;
- b. The pronouncement is not within the objectives of statutory accounting;
- c. The pronouncement would not add a substantive amount of guidance to statutory accounting due to the narrow scope of the topic;
- d. The pronouncement relates to transition of a previously issued GAAP pronouncement.

2. For items presented to the Emerging Accounting Issues (E) Working Group, this issue paper includes references to EITFs that have been rejected for the following reasons:

- a. Rejected as not applicable to statutory accounting;
- b. Rejected without providing additional statutory guidance;
- c. Rejected on the basis of issues rejected in a SSAP.

EITFs that were rejected on the basis of issues rejected in a SSAP (paragraph 2.c.) are denoted with an asterisk after the EITF number. Additional information related to those rejected issues is located in Appendix H, *Interpretation 99-00—Compilation of Rejected EITFs*.

SUMMARY CONCLUSION

3. GAAP pronouncements¹ not considered applicable to NAIC statutory accounting principles are summarized as follows:

GAAP Pronouncement

Title

GAAP Pronouncement	Title
ASU 2009-15	Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing
ASU 2010-01	Equity: Accounting for Distributions to Shareholders with Components of Stock and Cash
ASU 2010-03	Extractive Activities—Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures
ASU 2010-16	Entertainment—Casinos (Topic 924): Accruals for Casino Jackpot Liabilities
ASU 2010-17	Revenue Recognition—Milestone Method (Topic 605): Milestone Method of Revenue Recognition
ASU 2010-24	Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries
ASU 2010-25	Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans
ASU 2010-27	Other Expenses (Topic 720): Fees Paid to the Federal Government by Pharmaceutical Manufacturers
ASU 2011-05	Comprehensive Income (Topic 220): Presentation of Comprehensive Income
ASU 2011-07	Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities
ASU 2011-12	Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05
ASU 2012-01	Health Care Entities (Topic 954): Continuing Care Retirement Communities—Refundable Advance Fees
ASU 2012-04	Technical Corrections and Improvements
ASU 2012-07	Entertainment—Films (Topic 926): Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs
ASU 2013-02	Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income
ASU 2013-07	Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting
ASU 2013-12	Definition of a Public Business Entity—An Addition to the Master Glossary
ASU 2014-10	Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation
ASU 2014-13	<u>Measuring the Financial Assets and Financial Liabilities of a Consolidated Collateralized Financing Entity</u>
<i>Pre-Codification FASB Statements (FAS)</i>	
FAS 03	Reporting Accounting Changes in Interim Financial Statements—an amendment of APB Opinion No. 28
FAS 06	Classification of Short-Term Obligations Expected to Be Refinanced—an amendment of ARB No. 43, Chapter 3A
FAS 11	Accounting for Contingencies: Transition Method—an amendment of FASB Statement No. 5
FAS 14	Financial Reporting for Segments of a Business Enterprise
FAS 18	Financial Reporting for Segments of a Business Enterprise: Interim Financial Statements—an amendment of FASB Statement No. 14

GAAP Pronouncement	Title
FAS 19	Financial Accounting and Reporting by Oil and Gas Producing Companies

GAAP Pronouncement	Title
<i>Pre-Codification Accounting Research Bulletins (ARB)</i>	
ARB 43	Restatement and Revision of Accounting Research Bulletins, Chapter 4
ARB 45	Long-Term Construction-Type Contracts
<i>Pre-Codification FASB Technical Bulletins (TB)</i>	
TB 79-1	Purpose and Scope of FASB Technical Bulletins and Procedures for Issuance
TB 79-3	Subjective Acceleration Clauses in Long-Term Debt Agreements
TB 79-4	Segment Reporting of Puerto Rican Operations
TB 79-5	Meaning of the Term “Customer” as it Applies to Health Care Facilities under FASB Statement No. 14
TB 79-8	Applicability of FASB Statements 21 and 33 to Certain Brokers and Dealers in Securities
TB 82-2	Accounting for the Conversion of Stock Options into Incentive Stock Options as a Result of the Economic Recovery Tax Act of 1981
TB 84-1	Accounting for Stock Issued to Acquire the Results of a Research and Development Arrangement
TB 85-1	Accounting for the Receipt of Federal Home Loan Mortgage Corporation Participating Preferred Stock
TB 87-2	Computation of a Loss on an Abandonment
TB 87-3	Accounting for Mortgage Servicing Fees and Rights
TB 90-1	Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts
<i>Pre-Codification FASB Staff Positions (FSP)</i>	
FSP FAS 19-1	Accounting for Suspended Well Costs
FSP FAS 117-1	Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds
FSP FAS 126-1	Disclosure and Interim Reporting for Obligors for Conduit Debt Securities
FSP FAS 143-1	Accounting for Electronic Equipment Waste Obligations
FSP FAS 150-3	Effective Date, Disclosures and Transition for Mandatorily Re 6ndowment Funds

GAAP Pronouncement	Title
FSP EITF 85-24-1	Application of EITF Issue No. 85-24 When Cash for the Right to Future Distribution Fees for Shares Previously Sold is Received from Third Parties
<i>Pre-Codification AICPA Statement of Positions</i>	

GAAP Pronouncement	Title
SOP 01-6	Accounting by Certain Entities (Including Entities with Trade Receivables) That Lend to or Finance the Activities of Others
SOP 02-1	Performing Agreed Upon Procedures Engagements That Address Annual

GAAP Pronouncement	Title
EITF 86-12	Accounting by Insureds for Claims-Made Insurance Policies
EITF 86-13	Recognition of Inventory Market Declines at Interim Reporting Dates
EITF 86-24	Third-Party Establishment of Collateralized Mortgage Obligations
EITF 86-27	Measurement of Excess Contributions to a Defined Contribution Plan or Employee Stock Ownership Plan
EITF 86-30	Classification of Obligations When a Violation is Waived by the Creditor
EITF 86-31	Reporting the Tax Implications of a Pooling of a Bank and a Savings and Loan Association
EITF 86-40	Investments in Open-End Mutual Funds That Invest in U.S. Government Securities
EITF 86-44	Effect of a Change in Tax Law on Investments in Safe Harbor Leases
EITF 86-46	Uniform Capitalization Rules for Inventory under the Tax Reform Act of 1986

EITF 87-4 ThrTn136.5[1Credit fs95.FASBvSt4 e.002 0.72 re4fs95.8.894 561136.5[1Credit Cfs95.FASBvSt4 e.002 No

GAAP Pronouncement	Title
EITF 99-15	Accounting for Decreases in Deferred Tax Asset Valuation Allowances Established in a Purchase Business Combination as a Result of a Change in Tax Regulations
EITF 99-16	Accounting for Transactions with Elements of Research and Development Arrangements
EITF 99-18	Effect on Pooling-of-Interests Accounting on Contracts Indexed to a Company's Own Stock
EITF 99-19	Reporting Revenue Gross as a Principal versus Net as an Agent
EITF 00-4	Majority Owner's Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Minority Interest in That Subsidiary
EITF 00-6	Accounting for Freestanding Derivative Financial Instruments Indexed to, and Potentially Settled in, the Stock of a Consolidated Subsidiary
EITF 00-10	Accounting for Shipping and Handling Fees and Costs
EITF 00-14	Accounting for Certain Sales Incentives
EITF 00-15	Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Employee Stock Option
EITF 00-17	Measuring the Fair Value of Energy-Related Contracts in Applying Issue No. 98-10
EITF 00-19	Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, A Company's Own Stock
EITF 00-22	Accounting for "Points" and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future
EITF 01-3	Accounting in a Business Combination for Deferred Revenue of an Acquiree
EITF 01-5 *	Application of FASB Statement No. 52 to an Investment Being Evaluated for Impairment

GAAP Pronouncement	Title
EITF 02-16	Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor
EITF 02-17 *	Recognition of Customer Relationship Intangible Assets Acquired in a Business Combination
EITF 03-2	Accounting for the Transfer to the Japanese Government of the Substantial Portion of Employee Pension Fund Liabilities

GAAP Pronouncement	Title
EITF 07-1	Accounting for Collaborative Arrangements
EITF 07-4	Application of the Two-Class Method under FAS 128 to Master Limited Partnerships
EITF 07-5	Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock
EITF 08-8	Accounting for an Instrument (or an embedded feature) with a Settlement Amount That is Based on the Stock of an Entity's Consolidated Subsidiary
<i>Pre-Codification AICPA Practice Bulletins (PB)</i>	
PB 2	Elimination of Profits Resulting From Intercompany Transfers of LIFO Inventories
PB 5	Income Recognition on Loans to Financially Troubled Countries
PB 11	Accounting for Preconfirmation Contingencies in Fresh-Start Reporting
PB 12	Reporting Separate Investment Fund Option Information of Defined-Contribution Pension Plans
PB 14	Accounting and Reporting by Limiting Liability Companies and Limited Liability Partnerships
<i>Pre-Codification AICPA Accounting Interpretations (AIN)</i>	
AIN-APB15	Computing Earnings per Share: Accounting Interpretations of APB Opinion No. 15

DISCUSSION

4. This issue paper rejects the nonapplicable GAAP pronouncements listed in the Summary Conclusion.

5. If the Emerging Accounting Issues (E) Working Group deems an interpretation would provide statutory accounting guidance, other than the knowledge that the item is rejected per one of the conditions in paragraph 2, a separate interpretation will continue to be incorporated within Appendix B.

Drafting Notes/Comments

None

RELEVANT LITERATURE

Statutory Accounting

None

State Regulations

- No additional guidance obtained from state statutes or regulations.