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**2000-18 Codification of Statutory Accounting Principles**

**To: All Massachusetts Insurance Companies**

**From: Linda Ruthardt, Commissioner of Insurance**

**Date: October 24, 2000**

**Re: Codification of Statutory Accounting Principles**

This bulletin is to advise Massachusetts domestic insurance companies on the reporting requirements effective with the quarterly statement due on May 15, 2001 for the three-month period ending March 31, 2001.

As you may know, the National Association of Insurance Commissioners adopted the "Codification of Statutory Accounting Principles" at the Summer National Meeting in June, 1998.

Massachusetts General Laws Chapter 175, Section 25 provides that the "commissioner shall require that the annual statement be maintained and prepared in accordance with the Annual Statement Instructions and Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners unless further modified by the commissioner as he considers appropriate."

The new N.A.I.C. Accounting Practices and Procedures Manual (the version effective January 1, 2001) contains the Codification enhancements, which should be used for all financial reporting after January 1, 2001. Of course, in those few instances where Massachusetts law is in conflict with the new Accounting Practices and Procedures Manual, you should continue to follow existing Massachusetts law.

As you know, Division of Insurance staff has conducted a comprehensive review of the differences between the Massachusetts General Laws and the Codification guidance and determined that the differences are not extensive. Legislative action is being contemplated and would be needed to establish consistency.

In the meantime, if you have any specific questions, please call the financial analyst for your company.