

**Reinsurance Ceded**

The debate continued today about what advice, if any, LHATF should give to the SAP Working Group about the treatment of reinsurance reserve credits and deferred premiums.

The ACLI reiterated its objections to any changes to SSAP No. 61 and A-791, emphasizing that the industry was solidly united on this position.

CA and NY believe that current guidance already prevents the overstatement of surplus and that the proposed changes merely clarify the intent. No one else supported that opinion.

CA also dismissed the ACLI's argument that the changes would create undue administrative burdens, remarking that that consideration should not override the importance of stating surplus correctly.

At this point the fun really began. NE moved to send SAP a memo saying that LHATF was deadlocked and thus could not make a recommendation. NY made a counter-motion to send SAP a recommendation to change SSAP No. 61 and A-791.

Since there were now two motions on the floor, Robert's Rules of Order was cited as calling for a vote on whether to vote on the second motion. That vote ended in a tie (8-8), and ties lose – i.e., the second motion could not be voted upon until LHATF disposed of the first motion. That one then passed 10-6.

As a result, LHATF will send SAP an advisory memo with no recommendation, merely a list of pros and cons. SAP still has to decide what actions to take, if any.

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