

2027 NAIC Budget

NAIC Executive (EX) Committee and
Internal Administration (EX1) Subcommittee

October 2026

2027 NAIC Budget

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Additional Information

The NAIC Annual Report, including audited financial statements, is available on the [NAIC website](#).

Budget and Financial Inquiries

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About the NAIC

Founded in 1871, the National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization governed by the chief insurance regulators from all 50 states, the District of Columbia, and five U.S. territories. The NAIC provides expertise, data, analysis, and shared resources that help its members coordinate the regulation of multistate insurers, protect consumers, and promote fair, competitive, and healthy insurance markets. Through the state-based system, regulators collaborate nationally while retaining the authority to address the needs of their individual jurisdictions.

Value to Members

Members benefit from shared expertise, data collection and analysis, technology, financial assessment and reporting tools, licensing and testing services, training, accreditation programs, consumer education resources, and jurisdiction funding. These shared capabilities help regulators coordinate on common priorities, strengthen oversight, and apply resources to the specific needs of their jurisdictions. By providing centralized systems, standardized processes, and specialized expertise, the NAIC improves regulatory consistency and effectiveness while reducing the cost and duplication that would result if each jurisdiction developed comparable capabilities independently.

Developing and Approving the Budget

The annual budget aligns resources with the NAIC's mission, strategic direction, and member priorities. The process begins each May when department managers review current-year results, project year-end performance, and develop proposals for the upcoming year, including fiscal impact statements for new or significant projects. The Chief Executive Officer and senior management evaluate the requests and consolidate them into a proposed organization-wide budget. After initial review, the proposed budget is presented to the NAIC Officers, the Internal Administration (EX1) Subcommittee, the Executive (EX) Committee, and the full membership. It is then released for public review and comment, followed by a public hearing and final consideration by the membership.

2027 PROPOSED NAIC BUDGET



The Story Behind the Investment

Building the regulatory infrastructure that insurance regulators need to oversee a changing national and global insurance marketplace.

Mission & How the NAIC Works

OUR MISSION

Support insurance regulators in setting standards and ensuring fair, competitive, and healthy insurance markets to protect consumers.

A regulator-led system

Chief insurance regulators from the 50 states, D.C., and five U.S. territories govern the NAIC.

Regulators retain authority to regulate insurers, enforce their laws, and decide what applies in their jurisdictions.

How the work gets done

Committees oversee broad areas; task forces focus on issues; working groups conduct detailed research and drafting.

Regulators deliberate, receive stakeholder input, and vote through a structured process.

What staff enable

Research, policy analysis, legal and technical expertise, data, technology, and operational support.

Shared tools help regulators access consistent information, reduce duplication, and coordinate oversight.

Budget lens: investing in shared expertise, data, technology, and services that help regulators do their work—without transferring policy authority to staff.

Source: NAIC, "How the NAIC Works" and "About" | content.naic.org/about

Understanding & Accountability

Governance & decision-making

- Regulators set priorities, lead committees, and make NAIC policy decisions.
- NAIC officers are elected by their peers; the CEO reports to the member-led Executive Committee.
- NAIC staff support the process.

Authority stays with the regulators

- The NAIC is a nonprofit support and standard-setting organization—not a federal or state regulator—and it does not license insurers or enforce insurance laws.
- Model laws are proposals; each jurisdiction independently decides whether and how to adopt them.
- Accreditation decisions are made by jurisdictions.

Transparency & public participation

- Public meetings, agendas, materials, exposure drafts, comment periods, minutes, and project histories make work visible.
- Stakeholders can provide written and verbal input; regulators consider feedback before decisions.
- Limited regulator-only discussions may protect confidential supervisory, legal, or other protected information.

Financial & organizational accountability

- Budgets and financial information, annual reports, bylaws, governance documents, and conflict-of-interest policies (regulator and employees) provide oversight.
- Revenue from products, services, technology, publications, education, and events supports shared regulatory resources.
- The budget connects member priorities to the people, systems, and capabilities required to deliver them.

Budget lens: resources are governed by members, made visible through public processes, and directed to services that strengthen state-based regulation.

Source: NAIC, "Understanding the NAIC - Governance and Accountability" | content.naic.org/about/understanding-NAIC-governance-accountability

The starting point: What does the NAIC provide?

A budget is easier to understand when it is connected to the capabilities regulators and marketplace depend upon.

REGULATORY STANDARDS

Model laws, solvency standards, accreditation, policy development, and national coordination

DATA & INTELLIGENCE

Financial, market, investment, and consumer data; analytics; and emerging-risk intelligence

TECHNOLOGY & INFRASTRUCTURE

FDR, SERFF, data platforms, AI capabilities, SBS, OPTins, Online Fraud Reporting, cybersecurity, and shared regulatory systems

FINANCIAL & MARKET OVERSIGHT

FAWG, VAWG, InvAWG, SVO, SSG, CMB, financial analysis, market regulation tools, CIPR, and actuarial services

DOI WORKFORCE & MEETINGS

National meetings, education, training, and leadership development

NATIONAL / GLOBAL COORDINATION

56 jurisdictions, federal engagement, and international regulatory coordination

Core proposition: the NAIC is shared infrastructure for a state-based regulatory system.

The regulatory environment is changing

2027 investment is being shaped by changes in the insurance market and in the tools regulators need.

DATA

More data sources, higher volume, and growing demand for timely, usable intelligence

AI

AI is changing both insurance operations and the way regulatory work can be performed

CYBER

Threats to insurers, regulators, and the NAIC require stronger resilience, controls, and expertise

PRIVATE EQUITY / CAPITAL

Private credit, private ratings, and new capital structures are changing investment oversight

NATURAL CATASTROPHE RISK & RESILIENCE

Risk modeling, resilience, and affordability require new data and analytical capabilities

NATIONAL MARKETS

Insurance markets (life, annuity, health, property & casualty) increasingly operate across state lines and globally, increasing the value of consistency

Design principle: evolve the regulatory infrastructure at the pace of the market.

2027 budget at a glance

The budget reflects continued investment while maintaining a deliberate reliance on the NAIC's investment portfolio. All figures include a zero-based budget and fiscal requests.

Operating revenue	Operating expense	Operating gap	Investment income	Net budgeted gap
\$191.5M	\$204.1M	(\$12.6M)	\$7.7M*	(\$4.9M)

What changed vs. 2026 projections

Revenue	+3.7%	\$6.9M increase
Expense	+5.5%	\$10.6M increase

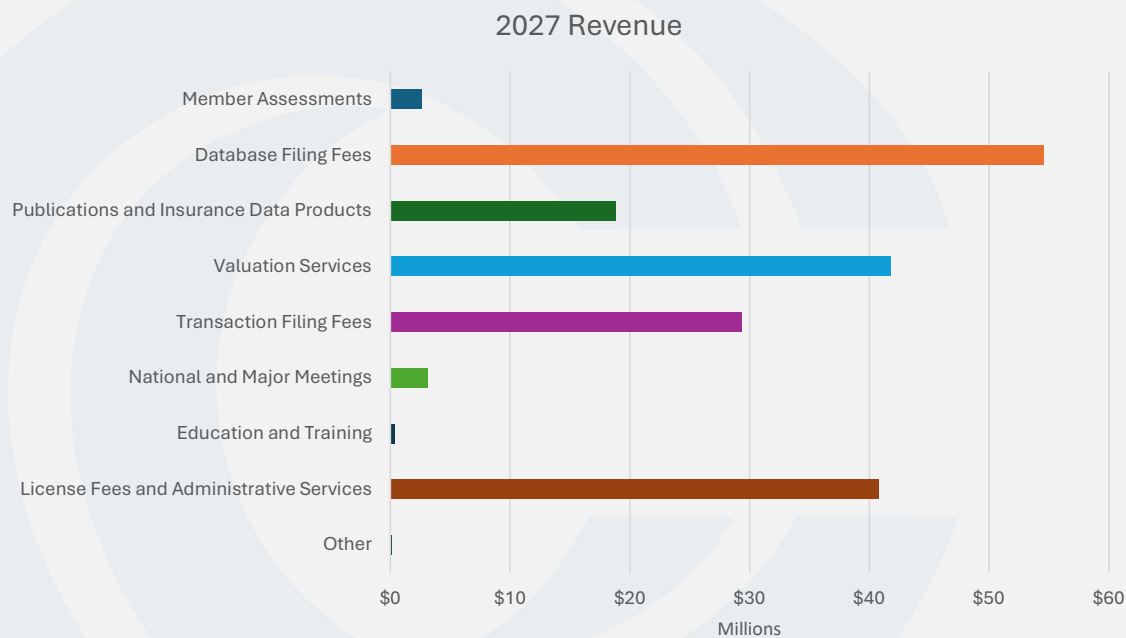
The insurance industry wrote approximately \$4 trillion in direct premiums in 2025. The NAIC's \$204 million expense budget is 0.0051% of those premiums - about 5 cents for every \$100 in premiums.

Source: NAIC Financial Data Repository (FDR)

* Investment income includes interest and dividends only.

Where the money comes from

The NAIC's operating model is driven primarily by services, products, and transaction infrastructure.



Revenue architecture

MAJOR CATEGORIES

Financial reporting filing fees

Data products

Valuation services

Transaction filing fees

License fees and administrative services

2027 revenue increases compared to 2026 budget: selected highlights

Four revenue categories with planned increases. Current operating revenue budget: \$191.5M.

Database Filing Fees

Industry premium growth

+\$2.9M



Valuation Services

Filing volumes (advanced, private letter, and RMBS ratings) and price increases ranging from \$15 to \$800

+\$5.5M



Transaction Filing Fees

SERFF transaction volumes and a \$2 price increase to \$23; the addition of jurisdictions to the SBS platform; higher life insurance mortality experience data filing volume under VM-50 & VM-51 and a fee increase from \$12,500 to \$13,500; and higher UCAA volume and fee increases for corporate and foreign amendments from \$40 to \$1,500

+\$3.7M



License Fees and Administrative Services

Growth in NIPR revenue

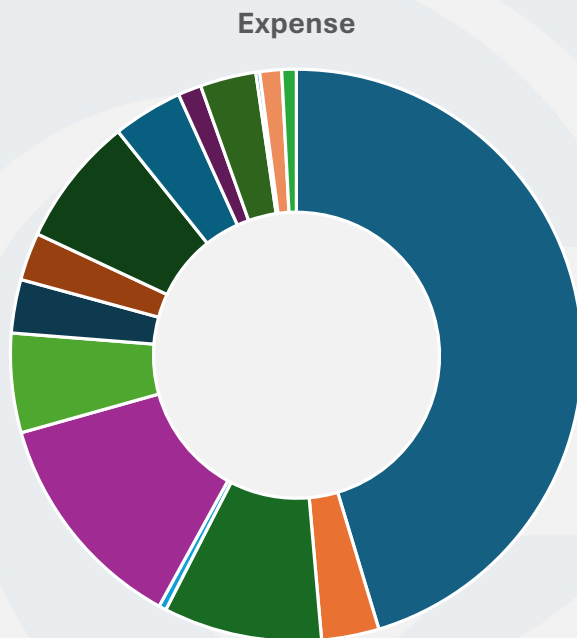
+\$2.9M



Selected category increases total \$15.0M. This is not a full revenue reconciliation.

Where the money goes

People, technology, and professional capabilities account for much of the 2027 cost structure.



Expense categories

- Salaries
- Payroll Taxes
- Employee Benefits
- Employee Development
- Professional Services
- Computer Services
- Travel
- Occupancy & Rental
- Software & License Fees
- Depreciation & Amortization
- Operational
- National & Major Meetings
- Education & Training
- Grant & Zone
- Other

2027 expense increases compared to 2026 budget: key drivers

The largest increases are concentrated in compensation, technology, and professional services.

Salaries

Merit/promotions, full-year 2026 headcount, and staffing requests for 2027

+\$7.0M

Employee Benefits

Health and other benefit cost increases

+\$1.1M

Professional Services

SERFF/SBS implementation and technical debt, staff augmentation, SVO data services

+\$2.5M

Computer Services

AI driving cloud service cost growth

+\$1.5M

Software License Fees

Back-office systems, ERP, SERFF, and other platform costs

+\$2.2M

Depreciation and Amortization

SERFF and ERP projects going live in 2027, New York leasehold

+\$1.4M

2027 fiscal impact statements

CRM for FDR Modernization

\$0.4M capital

Customer Relationship Management (CRM) for FDR Modernization

Create one authoritative source for company and contact data; improving reporting and integration.

SERFF Modernization - 2027 Transition Stages

Complete early adopter rollout and prepare for the next phase through feature development, data migration, and training. Plan ACA plan management and CMS integration, and improve reporting, workflow, and AI-assisted review. Includes the addition of three full-time equivalents (FTEs).

Financial Regulator Credentialing Pathway

Partner with SOFE on online training and exams for AFE and PIR credentials over 2027-2028.

SERFF Modernization

\$4.2M expense
\$2.2M capital

Financial Regulator Credentialing

\$0.1M expense

Sources: CRM, SERFF Modernization, and Financial Regulator Credentialing Pathway fiscals, Sept 1, 2026.

2027 fiscal impact statements

The proposed FTEs support a capacity strategy that goes beyond headcount growth

For presentation purposes, totals include the three FTEs included in the SERFF Modernization 2027 - Transition Stages fiscal.

Proposed FTEs			Annual Budgeted salaries		
26			\$3.1M		
(25 full-time and 2 part-time)					
Business Operations	1	\$0.1M	Member Services	5	\$0.5M
Data and Analytics	4.5	\$0.6M	Information Technology	5	\$0.7M
Regulatory Support	10.5	\$1.2M			

The requests cluster around regulatory workload, data/technology modernization, member services, and enterprise support.

2027 fiscal impact statements

The proposed FTEs are a capacity strategy—not simply headcount growth

Budgeted Salary, Benefits,
and Taxes

\$3.1M

(based on hire date)

Consultant
Conversions/Savings

6 (\$1.0M)

Revenue Generation

\$1.0M

Net Impact

\$1.1M

Data and Analytics

Data Analyst/Trainer
Investment Data Engineer
Project Coordinator (p/t)
Cloud Data Platform Engineer
Data Engineer

Information Technology

Release Train Engineer
Senior Scrum Master
AI Support Engineer
Software Quality Analyst III
Regulatory Enablement Lead

Market Regulation

Market Analyst
Market Analyst Member Relations Lead

Financial Regulation

Credit Analysts (4)
Credit Rating Provider Process Analyst I
Senior Investment Data Analyst

Insurance Research and P&C Policy

Research Librarian (p/t)
Catastrophe Risk Reduction Actuary
Real-Time Response and Property Data Call Senior Analyst

Member Services

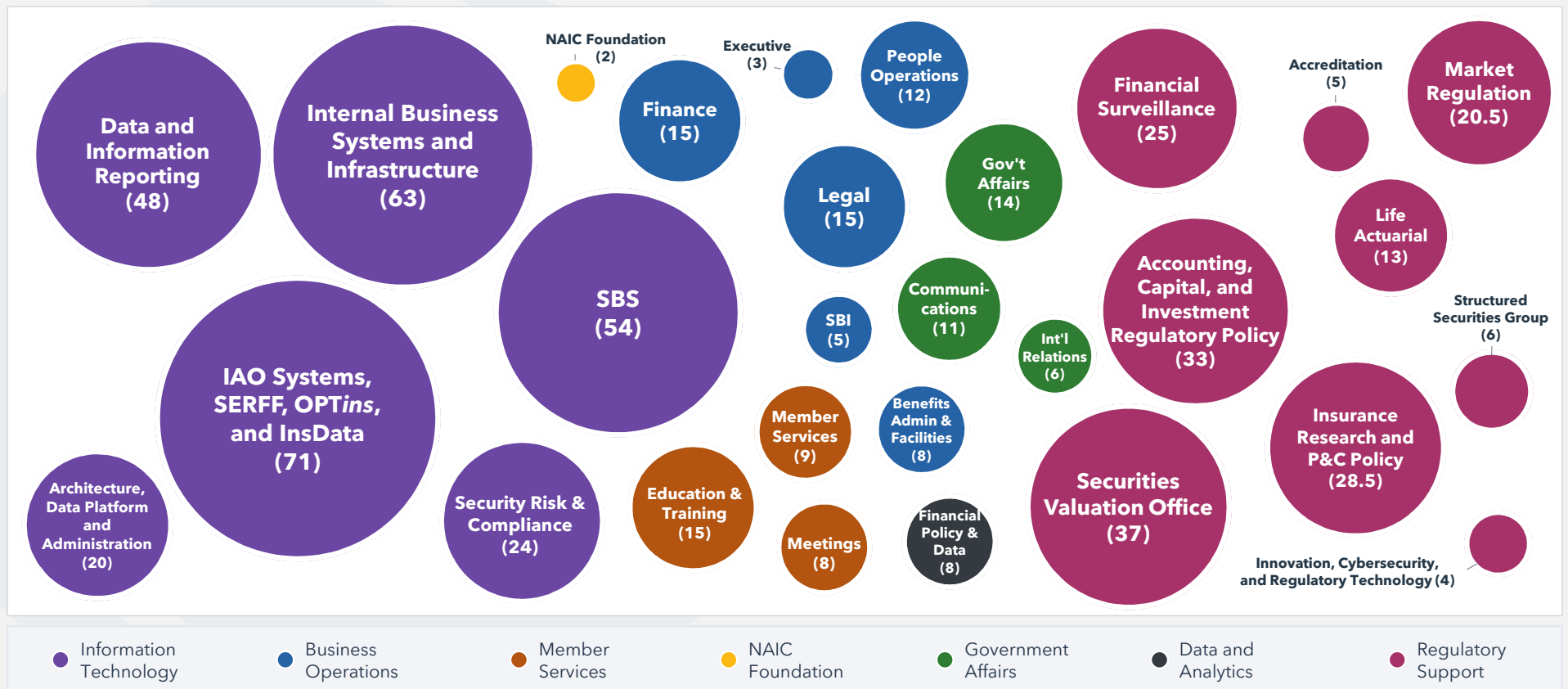
Meetings Services Specialist
Meetings and Events Planner
Training Specialist
Senior Training Specialist
Instructional Designer II

Business Operations

Benefits Manager

NAIC's 583 employees by department as of August 31, 2026

Each bubble represents a department. Bubble size reflects staffing level, and color identifies the organization group shown in the legend.



Where workload has already changed

A few examples illustrate the difference between capacity driven by demonstrated demand and capacity that is primarily strategic.

INDIVIDUAL INVESTMENT ANALYSIS

Private letter rating filings increased from roughly 2,000 to more than 12,000 per year.

Increased filing volumes are straining processing capacity, with a backlog of work to address.

Additional capacity is needed to reduce the backlog and strengthen staffing depth for succession.

DATA / INVESTMENT

EDP and Data Portal work now follows timelines that other systems and regulators depend on.

Current staffing cannot keep pace with expanding data migrations and development while supporting existing tools.

Additional capacity is needed to relieve bottlenecks and meet modernization timelines.

SERFF / AI

SERFF modernization, CLARA expansion, and 2027 rollouts increase development and support demands.

Current staffing is insufficient to sustain ongoing support for platforms and jurisdictions already rolled out and scheduled for roll out.

Additional capacity in AI engineering, regulatory enablement, and software quality assurance is needed for ongoing support and planned expansions.

The strategic investment thesis: modernize the regulatory operating system

The 2027 budget can be framed as a bridge from today's shared infrastructure to a more data-driven, AI-enabled regulatory system.



The objective is not technology for its own sake. It is a regulatory system that can identify risk earlier, use data more effectively, reduce duplicative work, and help 56 jurisdictions operate with greater consistency.

Future needs: investment analysis modernization

Need

Current Investment Analysis Office processes and technology constrain the ability to meet increasing investment-risk oversight demands.

Potential approach

A phased initiative could redesign and automate business processes, supported by a data-centered architecture and workflow platforms.

Potential benefits

Faster, more consistent analysis, greater transparency and scalability, and stronger regulatory oversight.

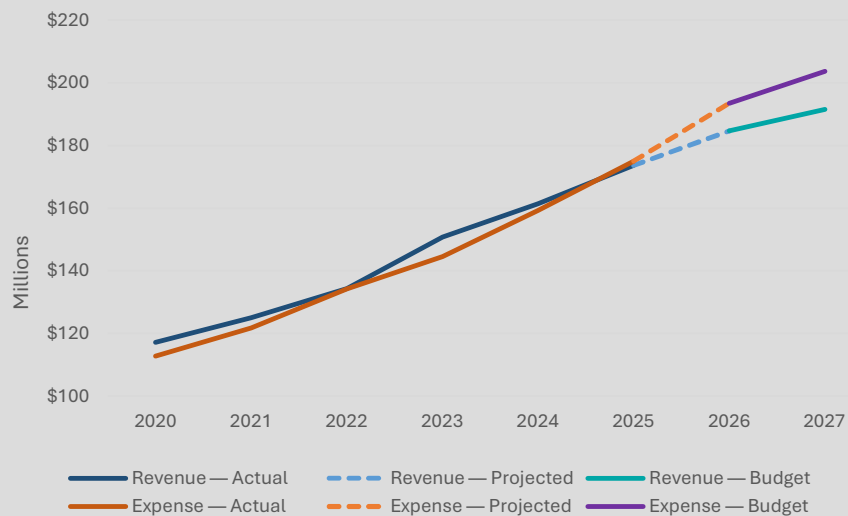
A mid-year 2027 fiscal impact statement may follow.

Financial sustainability and reserve adequacy

Operating trends and reserve coverage inform the funding discussion beyond 2027. While investment income offers an additional funding stream, it is exposed to market volatility.

Reserves provide financial resilience and support long-term obligations. They are not a sustainable substitute for recurring revenues needed to fund ongoing operations.

Operating revenue and expense



Reserve

\$192.9M

Recommended organizational minimum

\$229.6M

Projected net assets as of December 31, 2027

119% of minimum

The 2027 budget is **not just a spending plan.**

It funds the capabilities needed to deliver our strategic plan and support states' evolving regulatory needs.

Executive Committee discussion: priorities • trade-offs • measures of success • financial sustainability

**2027 BUDGET
REVENUE AND EXPENSE SUMMARY**

Description	2026					2027				
	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2026 Projected Variance	2027 Budget	Increase (Decrease) from 2026 Budget	%	Increase (Decrease) from 2026 Projected	%
Operational Revenues	\$173,646,132	\$117,546,203	\$184,649,203	\$175,193,318	\$9,455,885	\$190,529,790	\$15,336,472	8.8%	\$5,880,587	3.2%
Operational Expenses	174,994,760	88,198,135	193,500,882	186,747,696	6,753,186	198,081,194	11,333,498	6.1%	4,580,312	2.4%
Operating Revenues Over/(Under) Expenses Before Fiscal Impact Statements	(1,348,628)	29,348,068	(8,851,679)	(11,554,378)	2,702,699	(7,551,404)	4,002,974		1,300,275	
Fiscal Impact Statement Revenues (1)						972,224	972,224		972,224	
Fiscal Impact Statement Expenses (1)						6,000,251	6,000,251		6,000,251	
Fiscal Impact Statement Revenues Over/(Under) Expenses						(5,028,027)	(5,028,027)		(5,028,027)	
Investment Income	19,381,566	10,635,804	15,363,592	3,624,000	11,739,592	7,686,351	4,062,351		(7,677,241)	
Total Revenues After Fiscal Impact Statements	193,027,698	128,182,007	200,012,795	178,817,318	21,195,477	199,188,365	20,371,047	11.4%	(824,430)	-0.4%
Total Expenses After Fiscal Impact Statements	174,994,760	88,198,135	193,500,882	186,747,696	6,753,186	204,081,445	17,333,749	9.3%	10,580,563	5.5%
Total Revenues Over/(Under) Expenses	<u>\$18,032,938</u>	<u>\$39,983,872</u>	<u>\$6,511,913</u>	<u>(\$7,930,378)</u>	<u>\$14,442,291</u>	<u>(\$4,893,080)</u>	<u>\$3,037,298</u>		<u>(\$11,404,993)</u>	

(1) See the Fiscal Impact section for details.

**2027 BUDGET
REVENUE AND EXPENSE BY LINE**

Description	Reference	2026					2027				
		2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2026 Projected Variance	2027 Budget	Increase (Decrease) from 2026 Budget	%	Increase (Decrease) from 2026 Projected	%
Member Assessments	R1	\$2,420,262	\$1,283,368	\$2,569,486	\$2,569,487	(\$1)	\$2,655,118	\$85,631	3.3%	\$85,632	3.3%
Database Filing Fees	R2	50,075,896	52,502,658	52,504,472	51,608,868	895,604	54,539,436	2,930,568	5.7%	2,034,964	3.9%
Publications and Insurance Data Products	R3	18,208,566	13,566,020	18,857,762	17,951,457	906,305	18,793,960	842,503	4.7%	(63,802)	-0.3%
Valuation Services	R4	38,134,394	13,892,880	39,911,051	36,292,645	3,618,406	41,767,153	5,474,508	15.1%	1,856,102	4.7%
Transaction Filing Fees	R5	24,176,705	15,066,563	27,024,512	25,654,702	1,369,810	29,399,009	3,744,307	14.6%	2,374,497	8.8%
National and Major Meetings	R6	2,750,071	1,064,225	3,019,375	2,806,200	213,175	3,105,750	299,550	10.7%	86,375	2.9%
Education and Training	R7	204,451	106,605	209,835	326,855	(117,020)	381,883	55,028	16.8%	172,048	82.0%
License Fees and Administrative Services	R8	37,472,912	20,052,283	40,447,624	37,859,434	2,588,190	40,760,280	2,900,846	7.7%	312,656	0.8%
Other	R9	202,875	11,601	105,086	123,670	(18,584)	99,425	(24,245)	-19.6%	(5,661)	-5.4%
Total Operating Revenues		173,646,132	117,546,203	184,649,203	175,193,318	9,455,885	191,502,014	16,308,696	9.3%	6,852,811	3.7%
Salaries	E1	76,014,394	38,308,582	85,907,484	84,667,520	1,239,964	91,618,891	6,951,371	8.2%	5,711,407	6.6%
Temporary Personnel	E2	770,879	369,152	926,652	788,331	138,321	937,982	149,651	19.0%	11,330	1.2%
Payroll Taxes	E3	5,676,027	3,233,266	6,145,152	6,255,460	(110,308)	6,627,762	372,302	6.0%	482,610	7.9%
Employee Benefits	E4	16,207,743	8,380,927	17,152,551	17,139,615	12,936	18,253,607	1,113,992	6.5%	1,101,056	6.4%
Employee Development	E5	698,239	333,075	762,547	961,456	(198,909)	878,767	(82,689)	-8.6%	116,220	15.2%
Professional Services	E6	24,962,727	10,992,145	27,439,817	23,328,906	4,110,911	25,823,526	2,494,620	10.7%	(1,616,291)	-5.9%
Computer Services	E7	9,792,856	5,072,355	10,753,525	9,968,796	784,729	11,460,766	1,491,970	15.0%	707,241	6.6%
Travel	E8	5,597,123	2,503,975	6,013,611	6,442,335	(428,724)	6,174,243	(268,092)	-4.2%	160,632	2.7%
Occupancy and Rental	E9	4,852,185	2,378,269	4,979,228	5,075,127	(95,899)	5,517,165	442,038	8.7%	537,937	10.8%
Software License Fees	E10	12,301,984	7,025,346	14,056,507	12,765,558	1,290,949	14,921,060	2,155,502	16.9%	864,553	6.2%
Depreciation and Amortization	E11	6,499,010	3,118,109	6,227,162	6,678,603	(451,441)	8,066,725	1,388,122	20.8%	1,839,563	29.5%
Operational	E12	2,440,974	1,379,721	2,391,356	2,437,312	(45,956)	2,699,596	262,284	10.8%	308,240	12.9%
National and Major Meetings	E13	5,704,823	2,841,141	6,013,820	5,779,993	233,827	6,458,911	678,918	11.7%	445,091	7.4%
Education and Training	E14	105,502	65,243	296,743	258,076	38,667	432,840	174,764	67.7%	136,097	45.9%
Grant and Zone	E15	2,088,018	701,295	2,629,356	2,672,600	(43,244)	2,537,100	(135,500)	-5.1%	(92,256)	-3.5%
Other	E16	1,282,276	1,495,534	1,805,371	1,528,008	277,363	1,672,504	144,496	9.5%	(132,867)	-7.4%
Total Operating Expenses		174,994,760	88,198,135	193,500,882	186,747,696	6,753,186	204,081,445	17,333,749	9.3%	10,580,563	5.5%
Revenues Over/(Under) Expenses before Investment Income		(1,348,628)	29,348,068	(8,851,679)	(11,554,378)	2,702,699	(12,579,431)	(1,025,053)		(3,727,752)	
Investment Income	II1	19,381,566	10,635,804	15,363,592	3,624,000	11,739,592	7,686,351	4,062,351		(7,677,241)	
Revenues Over/(Under) Expenses		\$18,032,938	\$39,983,872	\$6,511,913	(\$7,930,378)	\$14,442,291	(\$4,893,080)	\$3,037,298		(\$11,404,993)	

A detailed analysis of each line item is included in the Revenue Detail, Expense Detail, and Investment Income Detail sections.

BUDGET ITEM: Member Assessments

Item Description: Assessments from members to fund the activities of the NAIC offices. Member assessments are based on relative premium volume of the member's domiciled companies compared to total premium volume.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Member Assessments (1)	\$2,420,262	\$1,283,368	\$2,569,486	\$2,569,487	\$2,655,118	\$85,631	3.3%

(1) As a benefit of NAIC membership, the NAIC delivers a wide array of funding, information, products, and services, generally at no charge to insurance regulators.

The assessment structure is based on each member's share of total insurance premium volume within its jurisdiction. Premium volume is measured as direct written premiums by companies domiciled in each jurisdiction for the calendar year. The budgeted amount is based on four months of the May 2026 - April 2027 assessment and eight months of the May 2027 - April 2028 assessment. The May 2027 - April 2028 member assessments are illustrated in Exhibit R1.

NAIC MEMBER ASSESSMENTS

Member	Total Premiums	Percent To Total	Assessment	\$10,000 Minimum \$150,000 Cap 2027/28 Amount	\$10,000 Minimum \$150,000 Cap 2026/27 Amount	\$10,000 Minimum \$150,000 Cap 2025/26 Amount
Alabama	\$48,469,852,966	1.2216%	\$36,254	\$36,254	\$34,011	\$34,426
Alaska	6,350,376,785	0.1600%	4,748	10,000	10,000	10,000
American Samoa	5,507,276	0.0001%	3	10,000	10,000	10,000
Arizona	65,124,429,606	1.6413%	48,710	48,710	48,053	44,790
Arkansas	28,153,235,462	0.7095%	21,056	21,056	19,716	20,014
California	259,966,553,971	6.5519%	194,446	150,000	150,000	150,000
Colorado	69,523,751,715	1.7522%	52,002	52,002	49,352	52,445
Connecticut	44,795,311,594	1.1290%	33,506	33,506	32,646	39,540
Delaware	157,436,751,380	3.9679%	117,759	117,759	95,178	68,482
District Of Columbia	15,291,041,705	0.3854%	11,438	11,438	10,352	11,057
Florida	308,065,336,656	7.7641%	230,422	150,000	150,000	150,000
Georgia	115,174,011,530	2.9027%	86,146	86,146	81,089	79,130
Guam	662,514,146	0.0167%	496	10,000	10,000	10,000
Hawaii	19,443,958,352	0.4900%	14,542	14,542	14,145	14,053
Idaho	16,884,119,596	0.4255%	12,628	12,628	11,893	11,838
Illinois	159,640,491,687	4.0234%	119,406	119,406	110,800	111,338
Indiana	74,300,465,076	1.8726%	55,575	55,575	50,550	51,065
Iowa	55,321,873,536	1.3943%	41,380	41,380	42,725	36,226
Kansas	34,562,330,775	0.8711%	25,852	25,852	25,657	24,977
Kentucky	49,244,466,188	1.2411%	36,833	36,833	34,424	35,644
Louisiana	60,391,490,074	1.5220%	45,170	45,170	43,653	45,411
Maine	13,797,784,655	0.3477%	10,319	10,319	10,000	10,000
Maryland	60,319,922,694	1.5202%	45,116	45,116	42,722	43,388
Massachusetts	96,182,838,433	2.4241%	71,942	71,942	63,775	63,987
Michigan	111,173,330,272	2.8019%	83,154	83,154	79,021	83,572
Minnesota	63,947,842,377	1.6117%	47,832	47,832	50,558	51,910
Mississippi	26,637,668,223	0.6713%	19,923	19,923	19,011	19,086
Missouri	67,471,858,400	1.7005%	50,467	70,000	48,181	49,014
Montana	10,155,847,742	0.2560%	7,598	10,000	10,000	10,000
Nebraska	25,905,346,606	0.6529%	19,377	19,377	17,631	17,670
Nevada	33,056,197,886	0.8331%	24,725	24,725	22,550	22,282
New Hampshire	16,142,387,393	0.4068%	12,073	12,073	10,921	10,993
New Jersey	124,905,518,548	3.1480%	93,426	93,426	87,791	89,463
New Mexico	23,048,251,864	0.5809%	17,240	17,240	15,513	16,296
New York	351,244,800,794	8.8524%	262,720	150,000	150,000	150,000
North Carolina	108,822,583,936	2.7426%	81,394	81,394	77,438	75,451
North Dakota	10,785,932,903	0.2718%	8,066	10,000	10,000	10,000
Northern Mariana Islands	76,387,588	0.0019%	56	10,000	10,000	10,000
Ohio	164,617,524,046	4.1488%	123,127	123,127	114,127	121,810
Oklahoma	38,103,017,751	0.9603%	28,500	28,500	25,581	23,868
Oregon	47,502,114,125	1.1972%	35,530	35,530	34,429	35,212
Pennsylvania	171,618,436,203	4.3253%	128,366	128,366	120,573	124,630
Puerto Rico	24,130,342,299	0.6082%	18,050	18,050	16,873	17,553
Rhode Island	14,708,250,403	0.3707%	11,002	11,002	10,244	10,600
South Carolina	57,201,564,651	1.4416%	42,784	42,784	39,991	39,651
South Dakota	12,528,286,123	0.3157%	9,369	10,000	10,000	10,000
Tennessee	73,122,510,560	1.8429%	54,693	54,693	52,751	52,676
Texas	326,524,399,279	8.2293%	244,228	150,000	150,000	150,000
U.S. Virgin Islands	568,165,241	0.0143%	424	10,000	10,000	10,000
Utah	34,389,660,511	0.8667%	25,722	25,722	25,236	23,160
Vermont	6,047,993,061	0.1524%	4,523	10,000	10,000	10,000
Virginia	91,120,024,270	2.2965%	68,155	68,155	64,224	66,108
Washington	75,452,209,374	1.9016%	56,435	56,435	53,969	53,749
West Virginia	18,173,089,745	0.4580%	13,592	13,592	12,286	12,587
Wisconsin	74,010,122,494	1.8653%	55,358	55,358	52,595	48,839
Wyoming	5,503,127,721	0.1387%	4,116	10,000	10,000	10,000
Total Member Assessments	\$3,967,803,208,247	100.00%	\$2,967,774	\$2,696,559	\$2,572,235	\$2,563,991
Four months of the May 2026-April 2027 assessment			\$857,412			
Eight months of the May 2027-April 2028 assessment			1,797,706			
Total calendar year 2027 assessment			\$2,655,118			

BUDGET ITEM: Database Filing Fees

Item Description: Fees from insurance companies filing with the NAIC's Financial Data Repository (FDR). Fees are based on each filer's premium volume, which is measured as the greater of direct written premiums or reinsurance assumed from non-affiliates.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Database Filing Fees (1)	\$50,075,896	\$52,502,658	\$52,504,472	\$51,608,868	\$54,539,436	\$2,930,568	5.7%

- (1) The NAIC uses annual database filing fee revenues to support its financial solvency program, including a number of solvency monitoring tools provided to insurance regulators. Company financial information is generally available to insurance regulators within 24 hours of receipt of the electronic filing. In addition, the insurance industry benefits from the ability to electronically file their quarterly and annual statements with the NAIC's central data collection system rather than submitting separate filings to each jurisdiction in which they conduct business.

Database filing fees are calculated using an insurance company's premiums or reinsurance assumed multiplied by a base factor, subject to a minimum fee and individual and group maximums (caps). Calculation of fees in a consistent method equitably funds major investments in important regulatory initiatives, including NAIC systems and technology infrastructure, all of which benefit insurance regulators, consumers, and the insurance industry.

Database filing fees projected for 2026 are based on actual 2025 data year filings received through August 31, 2026. The projected over budget variance reflects average premium growth within the industry of 10.1% with individual companies and non-capped groups growing at 11.7% and 8.7%, respectively, and capped groups growing at 12.0%, compared to the anticipated range of 3.9% to 4.5%. The 2027 budget incorporates an increase in premiums over current year filings ranging from 6.0% to 6.5%. The filing fee calculation of \$30 per million in premiums, floor of \$240, and combined filing fee of \$690 remain unchanged. The 2025 year-end CPI-U of 2.9% has been applied to filing fee caps for 2027, resulting in an individual company cap of \$111,973 and a group cap of \$559,865.

The group cap limits the impact of filing fees for groups of insurers with aggregate fees that exceed the cap. With the filing of 2025 data during the 2026 calendar year, groups hitting the group filing fee cap of \$544,085 had a reduction in fees of \$16.4 million. The 24 groups with 972 companies hitting the group filing fee cap reported over \$1.8 trillion in premiums and represent 23% of all companies filing in 2026. The \$16.4 million in savings to groups in 2026 represents a 55% reduction in database filing fees for the filing companies and a 23% reduction in database filing fee revenue for the NAIC.

BUDGET ITEM: Publications and Insurance Data Products

Item Description: Revenues generated from the sale of various reference materials, handbooks, subscriptions, and information stored within the NAIC's financial database.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Publications (1)	\$487,429	\$312,545	\$487,545	\$358,489	\$471,035	\$112,546	31.4%
Insurance Data Products (2)	12,166,670	9,969,843	12,785,363	12,043,084	12,267,930	224,846	1.9%
Filing Support Product (3)	5,554,467	3,283,632	5,584,854	5,549,884	6,054,995	505,111	9.1%
Total	<u>\$18,208,566</u>	<u>\$13,566,020</u>	<u>\$18,857,762</u>	<u>\$17,951,457</u>	<u>\$18,793,960</u>	<u>\$842,503</u>	4.7%

- (1) Publications revenue is generated from royalties from the sale of NAIC publications by third-party vendors. The NAIC produces approximately 150 publications, which are designed to (1) provide insurance regulators with handbooks, statistical reports, and white papers in an effort to offer best practices and coordinated regulatory approaches to insurance regulation and (2) provide the insurance industry with a variety of handbooks, tools, and electronic applications to facilitate industry compliance with insurance regulatory requirements. Publications are free of charge for direct consumer use.
- (2) Revenues generated from the sale of insurance data products include (1) contracts with third-party vendors who use and sometimes redistribute NAIC data (\$11.4 million) and (2) direct sales to customers (\$892,125). This data is leveraged to conduct research and benchmark specific company data and performance to various industry aggregates, among other activities. The 2027 budget incorporates an increase in sales and contractual price increases of 5% or less. The price for downloads remains unchanged.
- (3) Several business partners leverage the NAIC Filing Support Product (FSP) in order to ensure accurate submissions of quarterly and annual filings to the NAIC. Licensed services include (1) Annual Statement Filing Support Product (ASFSP); (2) Risk-Based Capital Filing Support Product (RBCFSP); (3) enhanced Annual Statement Instructions; and (4) integrated risk-based capital forecasting. The increase in royalties is related to increased sales of NAIC products by licensed vendors and contractual price increases designed to recover the increased costs of maintaining this platform.

BUDGET ITEM: Valuation Services

Item Description: Fees related to the designation of securities. This category also includes revenues generated by the NAIC's Automated Valuation Service (AVS+).

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Capital Markets and Investment Analysis Fees (1)	\$14,983,275	\$6,619,595	\$14,859,441	\$14,080,295	\$17,383,310	\$3,303,015	23.5%
Structured Securities (2)	14,560,569	2,431,472	15,692,247	13,128,251	14,383,345	1,255,094	9.6%
Automated Valuation Service (3)	8,590,550	4,841,813	9,359,363	9,084,099	10,000,498	916,399	10.1%
Total	<u>\$38,134,394</u>	<u>\$13,892,880</u>	<u>\$39,911,051</u>	<u>\$36,292,645</u>	<u>\$41,767,153</u>	<u>\$5,474,508</u>	15.1%

- (1) The NAIC's Capital Markets and Investment Analysis Office (IAO) provides regulators with investment security valuations, capital markets analysis, research, and evaluations of certain components of an insurer's investment portfolio risks. Revenues generated from capital markets and investment analysis filings in 2026 are projected to exceed budget due to a higher volume of rating requests in several categories, most notably private letter ratings and corporate regulatory treatment analysis. The 2027 budget anticipates the 2026 volume of requests to continue and includes price adjustments ranging from \$15 to \$800 for 35% of designations. The fee for structured replication collateral designations will increase from \$400 to \$2,750 to help offset the cost of working these complex filings. The pricing adjustments represent a continued effort to keep fees aligned with the effort expended to perform ratings analysis and the increasing cost of doing business. Revenue for 2027 is also budgeted to increase as a result of the addition of analyst resources as described in the salary section of this budget (see Footnote E1). The additional staff will provide much needed resources for the IAO to speed the delivery of designations.

Capital markets and investment analysis revenues include (1) \$11.1 million for securities designations (as illustrated in Exhibit R4); (2) \$816,500 for the processing of subsidiary valuation filings; (3) \$472,000 for advanced rating services; (4) \$160,000 in services provided to banks and financial institutions that wish to be placed on the NAIC List of Qualified U.S. Financial Institutions; (5) \$150,600 in service fees for the review of money market funds; (6) \$486,000 in service fees for the review of exchange traded funds; (7) \$46,250 in service fees for the review of working capital financial investments; (8) \$101,900 in sovereign fees, representing an offset to the cost of the SVO's requirement to conduct a sovereign analysis on the initial submission of issuing debt in a foreign country; (9) \$57,750 in service fees for the review of counterparty derivatives; (10) \$2.7 million in private letter ruling fees; (11) \$280,000 for the right for redistributors to use exchange traded fund designations; and (12) \$3,350 in appeals fees. Adding four analysts in 2027 will generate \$945,000 in revenue and accelerate delivery of IAO designations. Details regarding these resource additions are included in Fiscal 4: Regulatory Support and Operational Resources.

- (2) Structured securities revenues are generated from the sale of modeled residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) held by insurance companies, as well as advanced rating services for other structured securities. Revenue is based on the sales of individual security ratings to insurers based on their holdings and the sale of RMBS, CMBS, or complete RMBS/CMBS datasets to third parties. The 2026 projection is based on an increase in the number of RMBS securities to be rated, an increase in advanced ratings, and one additional dataset sale to a third party. The 2027 budget incorporates the increase in requests for RMBS security ratings.
- (3) AVS+ is the NAIC's electronic system for the delivery of security designations assigned by the SVO, and is utilized by companies when preparing their financial statement investment filings. Fees are based on the value of certain assets held in a company's investment portfolio. The 2027 budget incorporates a 5% increase to cover the higher costs to maintain and populate this platform.

Securities Designations

Product Description	2026 Filing Fee	2027 Filing Fee	2027 Budgeted Volumes	2027 Budgeted Revenue
Corporates				
Regulatory Transactions - Initial	\$5,300	\$5,300	15	\$79,500
Regulatory Transactions - Annual	\$10,000	\$10,000	3	30,000
Corporate Initial Rated	\$460	\$475	19	9,025
Corporate A/U Rated	\$460	\$475	40	19,000
Corporate Initial Issuer Not in VOS	\$5,300	\$5,300	204	1,081,200
Corporate Initial Issuer Not in VOS Foreign	\$6,375	\$6,375	33	210,375
Corporate Annual/Initial Reinstatement	\$5,300	\$5,300	1	5,300
Corporate A/U Not Rated	\$1,925	\$1,925	692	1,332,100
Corporate A/U Not Rated Foreign	\$2,125	\$2,125	325	690,625
Corporate Initial Not Rated	\$1,925	\$1,925	200	385,000
Corporate Initial Not Rated Foreign	\$2,125	\$2,125	20	42,500
Corporate Initial Expired Info Request	\$460	\$475	46	21,850
Corporate Annual Expired Info Request	\$460	\$475	23	10,925
Corporate Rejected Filing	\$460	\$475	114	54,150
Corporate Non-Billable Filing	\$0	\$0	68	0
Corporate A/U Issuer CRP Rated	\$675	\$675	634	427,950
Corporate A/U Issuer Rated Add Issue	\$460	\$475	3,583	1,701,925
Corporate Initial Issuer CRP Rated	\$1,950	\$1,950	172	335,400
Corporate Initial Issuer Rated Add Issue	\$1,950	\$1,950	306	596,700
Corporate Renumbering Request	\$0	\$0	18	0
Corporate Initial Complex Credit Not in VOS	\$8,000	\$8,000	11	88,000
Corporate Initial Complex Credit in VOS	\$2,650	\$2,750	2	5,500
SCH BA Initial Rated	\$460	\$475	32	15,200
SCH BA Initial Not Rated	\$1,950	\$1,950	39	76,050
Schedule BA Initial Not in VOS	\$5,300	\$5,300	2	10,600
Schedule BA Annual Rated	\$460	\$475	1	475
Schedule BA Annual VOS Not Rated	\$1,950	\$1,950	11	21,450
SCH BA Renumbering Request	\$460	\$475	5	2,375
Schedule BA A/U Issuer CRP Rated	\$675	\$675	2	1,350
Schedule BA A/U Issuer Rated Add Issue	\$460	\$475	2	950
SCH BA Initial Issuer CRP Rated	\$1,950	\$1,950	2	3,900
SCH BA Initial Issuer Rated Add Issue	\$1,950	\$1,950	3	5,850
Schedule BA Rejected Flings	\$460	\$475	2	950
Schedule BA Non-Billable Filing	\$0	\$0	6	0
Total Corporates				7,266,175
Municipals				
Municipal Initial Rated	\$460	\$475	1	475
Municipal A/U Rated	\$460	\$475	1	475
Municipal Initial Issuer Not in VOS	\$5,300	\$5,300	3	15,900
Municipal Initial Issuer Not in VOS Foreign	\$6,375	\$6,375	0	0
Municipal Annual/Initial Reinstatement	\$5,300	\$5,300	0	0
Municipal A/R VOS Not Rated	\$1,950	\$1,950	26	50,700
Municipal Initial Not Rated	\$1,950	\$1,950	2	3,900
Municipal Initial Expired Info Request	\$460	\$475	13	6,175
Municipal A/R Issuer CRP Rated	\$675	\$675	34	22,950
Municipal Initial Issuer CRP Rated	\$1,950	\$1,950	6	11,700
Municipal Initial Issuer Rated Add Issue	\$1,950	\$1,950	4	7,800

Securities Designations

Product Description	2026 Filing Fee	2027 Filing Fee	2027 Budgeted Volumes	2027 Budgeted Revenue
Municipal Annual Lottery Add Issue	\$460	\$475	29	13,775
Municipal Initial Lottery	\$1,475	\$1,475	1	1,475
Municipal Annual Lottery	\$775	\$775	16	12,400
Municipal Initial Pre-Refunded	\$1,475	\$1,475	37	54,575
Municipal A/R Issuer Rated Add Issue	\$460	\$475	32	15,200
Municipal Rejected Filing	\$460	\$475	2	950
Municipal Non-Billable Filing	\$0	\$0	1	0
Municipal Additional Issue Pre-Refunded	\$460	\$475	20	9,500
Total Municipals				227,950
Structured				
Structured CTL Annual Rated	\$460	\$475	889	422,275
Structured CTL Annual Not Rated	\$1,925	\$1,925	21	40,425
Structured A/U Rated	\$460	\$475	20	9,500
Structured Replication A/U	\$460	\$475	748	355,300
Structured CTL Additional Notes	\$460	\$475	2	950
Structured Initial Expired Info Request	\$460	\$475	41	19,475
Structured Non-Billable Filing	\$0	\$0	29	0
Structured CTL Bond Initial	\$1,950	\$1,950	10	19,500
Structured CTL Lease Initial	\$2,650	\$2,750	39	107,250
Structured GLF Annual Not Rated	\$3,650	\$3,650	1	3,650
Structured A/U Not Rated	\$1,950	\$2,750	89	244,750
Structured Replication Initial	\$1,950	\$2,750	467	1,284,250
Structured Eqty-Lnkd A/U NotRtd	\$1,950	\$2,750	1	2,750
Structured Replication Collateral	\$460	\$2,750	252	693,000
Structured Annual Structured Settlement	\$675	\$675	57	38,475
Structured Rejected Filing	\$460	\$475	40	19,000
Structured Annual Structured Settlement Add Issue	\$460	\$475	600	285,000
Structured CTL A/U Tenant Initial Not Rated	\$5,300	\$5,300	9	47,700
Military Housing Bonds Initial	\$5,300	\$5,300	2	10,600
Military Housing Bonds Annual	\$1,950	\$1,950	23	44,850
Military Housing Bonds Annual Additional	\$460	\$475	5	2,375
Military Housing Bonds Annual Rated	\$460	\$475	1	475
Total Structured				3,651,550
Total Securities Designations				<u>\$11,145,675</u>

BUDGET ITEM: Transaction Filing Fees

Item Description: Transaction filing fees are generated through platforms built to assist departments of insurance with regulatory filings, including System for Electronic Rates and Forms Filing (SERFF), Online Premium Tax for Insurance (OPT_{ins}), State Based Systems (SBS), Experience Data Fees, International Insurers Department (IID), and Uniform Certificate of Authority Application (UCAA).

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
SERFF Fees (1)	\$10,840,555	\$6,125,055	\$10,794,039	\$10,165,453	\$11,647,684	\$1,482,231	14.6%
SERFF Data Hosting	1,591,233	817,390	1,634,780	1,518,528	1,602,083	83,555	5.5%
OPT _{ins} Fees (2)	2,706,559	1,971,541	2,722,083	2,692,187	2,956,618	264,431	9.8%
SBS Fees (3)	6,089,390	4,374,100	8,638,505	8,474,716	8,917,663	442,947	5.2%
Experience Data Fees (4)	1,275,000		1,237,500	1,287,500	1,822,500	535,000	41.6%
IID Fees (5)	1,224,568	1,513,758	1,603,365	1,375,878	1,525,461	149,583	10.9%
UCAA (6)	449,400	264,719	394,240	140,440	927,000	786,560	560.1%
Total	<u>\$24,176,705</u>	<u>\$15,066,563</u>	<u>\$27,024,512</u>	<u>\$25,654,702</u>	<u>\$29,399,009</u>	<u>\$3,744,307</u>	14.6%

- (1) SERFF is licensed and used by 53 jurisdictions and over 6,500 insurance industry users, third-party filers, rating organizations, and other companies. SERFF represents a key NAIC product in the modernization and efficiency of the state-based insurance regulatory system. Most jurisdictions receive more than 90% of their filings in an electronic format via SERFF, allowing for faster turnarounds, more consistent reviews, and better reporting. Companies experience significant cost savings and efficiency through the electronic submission of product filings for multiple jurisdictions, saving personnel and mailing costs by streamlining the submission process. The number of transactions processed in 2026 is expected to exceed budgeted volumes due to efficiency gains from the new system. The 2027 budget is based on a continuation of the increased transaction volume and includes a price increase from \$21.00 to \$23.00 to cover ongoing modernization costs.

Also included in the SERFF revenue line is \$1.3 million for integration expansion license fees and a \$25,000 annual license fee from the Interstate Insurance Product Regulation Commission (Insurance Compact). Under the NAIC/Insurance Compact license and services agreement, the Insurance Compact pays a license fee to receive general support of the SERFF system and up to 250 development hours each year to make modifications to SERFF in order to accommodate Insurance Compact filings and the overall expansion/enhancements of Insurance Compact product filing operations. Integration expansion license fees reflect a revised cost structure to simplify the fees, offer volume discounts, and ease the administrative burden of billing for this service.

- (2) NAIC's OPT_{ins} automates and simplifies premium tax and surplus lines tax return submissions by filing companies, brokers, and individuals, and the receipt of filings and collection of premium taxes. OPT_{ins}, with 29 participating jurisdictions, represents another NAIC initiative to modernize and improve the efficiency of the state-based insurance regulatory system. Companies experience cost savings and efficiency through electronic submission of premium tax and surplus lines returns, including electronic payment of quarterly and annual premium taxes. The increase in revenue represents an increase in the number of filings expected in 2027 and a change in the fee from \$17.50 to \$20.00 per transaction with the release of an enhanced OPT_{ins} system in mid-2027.

BUDGET ITEM: Transaction Filing Fees (continued)

- (3) SBS provides a comprehensive web-based application for use by regulators in support of all state-based insurance regulatory functions and is currently in service in 36 jurisdictions. SBS enables insurance regulators to more efficiently and effectively process license applications, license renewals, consumer inquiries, consumer complaints, and enforcement actions, among other regulatory applications, as well as remain compliant with national insurance regulation uniformity initiatives. Through SBS, both insurance regulators and regulated entities experience significant cost savings and efficiency by automation of insurance regulatory processes and transactions. The value of services to the industry is significant in terms of cost savings to insurers, producers, and providers in managing the cost of compliance, and far exceeds the insignificant processing fees charged by the NAIC in facilitating electronic transactions. SBS generates voluntary transaction fees from users who leverage the system to complete regulatory transactions, which further illustrates the benefit of value-added services to insurance regulators and the insurance industry. The increase in revenue in 2026 is the result of increased producer information reporting and more continuing education credits filed than expected. The 2027 budget includes these volume increases and a fees generated from the addition of two jurisdictions in the latter part of 2027.
- (4) The NAIC charges a fee to companies filing life insurance mortality experience data under Valuation Manual (VM)-50, Experience Reporting Requirements and VM-51, Experience Reporting Formats of the Valuation Manual. The fee is designed to recoup a portion of the cost of data collection and review, which include a significant time commitment from actuaries and other NAIC resources. The 2027 budget includes an increase in the number of filings from 103 to 135 and an increase in the fee from \$12,500 to \$13,500. The fee increase is necessary as the cost over revenue gap between providing this service and the fee received is becoming much greater.
- (5) IID revenues are generated from processing initial applications and annual update financial filings from companies listed in the Quarterly Listing of Alien Insurers. Companies benefit from this listing in their ability to conduct business in jurisdictions relying on the IID and Quarterly Listing of Alien Insurers. The 2027 budget is based on 193 filings from companies and Lloyd's Syndicates, 10 new applications, and five late fees. The 2027 budget includes an increase of 11 filings.
- (6) The UCAA platform allows insurers to submit expansion applications and foreign corporate amendments to jurisdictions accepting the uniform applications, eliminating the need to submit applications to each jurisdiction in varying formats. Filings received in 2026 exceeded expectations. As discussed in early 2026 when the fee for multi-jurisdiction corporate and foreign amendments changed from per jurisdiction to a flat fee per application and filing fees for expansions were increased from \$40 to \$1,500, the fee for primary and redomestication filings will increase from the introductory \$40 to \$1,500 in 2027 to reflect the cost and level of effort to process these filings. The fee for corporate and foreign amendments will remain a flat fee but increase \$10 from \$40 to \$50.

BUDGET ITEM: National and Major Meetings

Item Description: Fees received from attendees at NAIC National Meetings, Insurance Summit, and International Insurance Forum.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
National Meeting Registration Fees (1)	\$2,587,061	\$977,225	\$2,839,625	\$2,633,050	\$2,916,250	\$283,200	10.8%
Insurance Summit (2)	86,810		92,750	92,750	102,500	9,750	10.5%
International Insurance Forum (3)	76,200	87,000	87,000	80,400	87,000	6,600	8.2%
	<u>\$2,750,071</u>	<u>\$1,064,225</u>	<u>\$3,019,375</u>	<u>\$2,806,200</u>	<u>\$3,105,750</u>	<u>\$299,550</u>	10.7%

- (1) National meeting registration fees are charged on a multi-tier basis such that early registrations receive a discount and certain incentives are offered to first-time, local attendees. The over budget variance in 2026 is the result of higher than expected registrations for all three NAIC National Meetings. The number of registrations budgeted for 2027 national meetings vary based on location as illustrated in Exhibit R6. There is no change in registration fees anticipated for 2027, despite the rising cost of producing these events.
- (2) Revenue from the Insurance Summit is generated by registration fees for participants. An increase in attendance for this event is expected for 2027. There is no change in registration fees anticipated for 2027, despite the rising cost of producing this event.
- (3) Interest in this event exceeded expectations in 2026. The same volume of registrations is expected to continue into 2027.

National Meeting Registrations

	Fee	Kansas City, MO		New York, NY		Nashville, TN		2027 Budget	
		Registrants	Total	Registrants	Total	Registrants	Total	Registrants	Total
Advance Registration	\$950	870	\$826,500	890	\$845,500	880	\$836,000	2,640	\$2,508,000
Registration after 30 Days Prior	\$1,050	30	31,500	35	36,750	30	31,500	95	99,750
Virtual-Only Registration	\$950	140	133,000	135	128,250	145	137,750	420	399,000
First Time, Local Registrants	\$500	15	7,500	20	10,000	15	7,500	50	25,000
Subtotal		1,055	998,500	1,080	1,020,500	1,070	1,012,750	3,205	3,031,750
Cancellation Refunds (Single Session Pass)	\$1,050	12	12,600	10	10,500	12	12,600	34	35,700
Cancellation Refunds (Advanced Registration)	\$950	28	26,600	28	26,600	28	26,600	84	79,800
Subtotal		40	39,200	38	37,100	40	39,200	118	115,500
Total Projected Paid Attendance and Revenues		1,015	\$959,300	1,042	\$983,400	1,030	\$973,550	3,087	\$2,916,250
Total Projected Registrations (Paid and Unpaid)		3,065		3,092		3,080		9,237	

2027 attendance projections were determined by taking into consideration location and past attendance.

Paid Attendance Statistics:	Spring	Summer	Fall
2026	1,079 San Diego, CA	1,038 Columbus, OH	Dallas, TX
2025	961 Indianapolis, IN	1,025 Minneapolis, MN	1,101 Hollywood, FL
2024	946 Phoenix, AZ	952 Chicago, IL	955 Denver, CO
2023	883 Louisville, KY	910 Seattle, WA	1,054 Orlando, FL
2022	816 Kansas City, MO	822 Portland, OR	1,039 Tampa, FL
2021	509 Virtual	528 Columbus, OH	766 San Diego, CA
2020	Cancelled Phoenix, AZ	807 Virtual	644 Virtual
2019	1,016 Orlando, FL	1,071 New York, NY	1,127 Austin, TX
2018	985 Milwaukee, WI	1,003 Boston, MA	1,038 San Francisco, CA

BUDGET ITEM: Education and Training

Item Description: Revenue from NAIC education and training programs.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Education and Training (1)	\$204,451	\$106,605	\$209,835	\$326,855	\$381,883	\$55,028	16.8%

- (1) The purpose of the education and training function is to manage the NAIC's regulatory curriculum. The core focus is identifying and seizing opportunities to develop on-demand training and other products, while assuring the integrity and comprehensiveness of the curriculum as a whole. In the examination of education opportunities, the goal is to achieve a balance between meeting the regulatory training needs of department of insurance employees while assisting industry clients through a broad range of compliance training topics. The NAIC educational curriculum is offered to department of insurance employees and consumer advocates at no charge. NAIC began the implementation of a new learning platform in 2024. This project included the restructure of courses to self-paced, on-demand, e-learning modules; expansion of content to target regulatory job roles; and the redesign of the education and training website. Conversion of remaining content to the new format is nearing completion as reflected in the additional revenue for 2027. The 2027 budget also includes a realignment of fees with the new on-demand training platform. The impact of this pricing change, the first in several years, is approximately \$6 for a 20-minute e-learning module, increasing from \$25 to \$31, and \$23 for a one-hour module, increasing from \$90 to \$113.

BUDGET ITEM: License Fees and Administrative Services

Item Description: Revenues received from license and services agreements with National Insurance Producer Registry (NIPR) and Interstate Insurance Product Regulation Commission (Insurance Compact).

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
License Fees (1)	\$34,803,955	\$18,421,982	\$37,187,022	\$34,598,832	\$37,330,930	\$2,732,098	7.9%
Administrative Services (2)	2,668,957	1,630,301	3,260,602	3,260,602	3,429,350	168,748	5.2%
Total	<u>\$37,472,912</u>	<u>\$20,052,283</u>	<u>\$40,447,624</u>	<u>\$37,859,434</u>	<u>\$40,760,280</u>	<u>\$2,900,846</u>	7.7%

License fees and administrative services are derived from agreements between NAIC and NIPR and NAIC and Insurance Compact. The agreement between NAIC and NIPR began January 1, 2023, for a five year period. The agreement between the NAIC and the Insurance Compact began June 1, 2007, and expired December 31, 2011. This agreement continues to be renewed for one-year periods, with the most current expiring on December 31, 2026.

- (1) Pursuant to the 2023 license and services agreement, the NAIC receives 38% of certain NIPR revenues, which represents a license for NIPR to use NAIC's producer data. The 2026 projection and 2027 budget, are based on strong sales of credentialing and reporting products as provided by NIPR. The 2027 budget assumes continued growth in NIPR revenue.

The value of NAIC/NIPR services to industry is significant. By licensing the NAIC's Producer Licensing Database, NIPR is able to deliver a national, aggregated database of producer information. Insurance companies are able to leverage NIPR as a centralized, one-stop shop to perform research of all licensed producer records, which is critical in saving time and money in ensuring the appropriate licensing and appointment of producers selling business on their behalf, and critical to the companies' compliance with jurisdictional insurance laws.

Without the centralized database, this research would have to occur on an insurance department-by-insurance department basis, significantly increasing the amount of time and cost of compliance. The NAIC believes this illustrates tremendous value and cost savings to insurers managing the cost of compliance. Further, NIPR's products and services have been embedded into the automated workflow processes of many insurance carriers. NIPR is now the data source for companies to synchronize their producer data systems, which automates data entry and gets the carrier closer to producer real-time expectations. Use of the data supports compliance management and eliminates costly errors.

Individuals and business entities looking to obtain or renew licenses in multiple non-resident jurisdictions can utilize NIPR's non-resident licensing or renewal applications. This allows them to submit a single electronic, uniform application for all 50 states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. NIPR also facilitates electronic processing for obtaining or renewing resident and adjuster licenses in most jurisdictions. Without NIPR's web-based option, producers would need to send paper applications by mail to each jurisdiction. Key benefits include (1) lower costs for producers and the insurance industry by using NIPR's uniform application system instead of dealing with the expense of printed mailings and the potential costs of preparing multiple forms if the uniform application is not accepted and (2) decreased administrative costs for tracking the status of paper applications, as users receive electronic notifications regarding their status.

The current license and services agreement with the Insurance Compact calls for an adjustable administrative fee of 7.5% of revenues in excess of expenses, measured in \$25,000 increments. Based on information provided by the Insurance Compact, there is no fee expected for 2027 and the fee for 2026 is projected to be \$33,750.

- (2) Administrative services include the actual cost of services provided to NIPR and a flat fee of \$125,000 for services provided to the Insurance Compact. Services provided include administrative support services, facilities, software applications, and equipment. The 2027 budget includes the pass through of annual increases for NIPR's direct cost charges for software applications and NAIC staff costs.

BUDGET ITEM: Other

Item Description: Revenues received from business operations not otherwise classified.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Other (1)	\$202,875	\$11,601	\$105,086	\$123,670	\$99,425	(\$24,245)	-19.6%

- (1) The 2027 budget includes (1) \$93,925 for administrative fees for TeamMate+ renewals and (2) \$5,000 for rebates related to the use of purchasing cards. TeamMate+ is a cloud-based platform used by member jurisdictions to manage, document, and track financial examinations and related regulatory activity. The projected under budget variance in 2026 is driven by a mid-year decision to eliminate fees to accept supplemental data filings. The 2027 budget incorporates a full year of the elimination of these fees.

BUDGET ITEM: Salaries

Item Description: Includes salary, vacation liability, a turnover factor, a budget for promotions and adjustments, and overtime.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Salaries-Existing Employees (1)	\$75,869,169	\$38,249,327	\$85,766,589	\$84,536,263	\$89,105,202	\$4,568,939	5.4%
Salaries-New Employees (2)					2,383,348	2,383,348	100.0%
Overtime (3)	145,225	59,255	140,895	131,257	130,341	(916)	-0.7%
Total	<u>\$76,014,394</u>	<u>\$38,308,582</u>	<u>\$85,907,484</u>	<u>\$84,667,520</u>	<u>\$91,618,891</u>	<u>\$6,951,371</u>	8.2%

- (1) The salary line includes amounts paid to employees such as wages, promotions, adjustments, and vacation liability for paid time off (PTO) as well as a reduction for expected turnover. Overtime is budgeted separately in order to provide additional management of that expense line as it is not managed under the NAIC's salary increase process. As of October 1, 2026, the NAIC had 583 approved full-time equivalent (FTE) positions.

NAIC employees are located in the Kansas City, Washington, D.C., and New York labor markets. High competition and the specialized nature of many NAIC positions creates increased pressure in these labor markets for attracting and retaining qualified employees while being mindful of regulatory budget challenges. To combat the competition for labor, the NAIC has worked to build a strong work culture offering a hybrid work place, flexible schedules, and competitive compensation. The success of these programs is evident in a low employee turnover rate. The 2027 budget includes an annual increase for all NAIC employees, a full year of salary expense for employees added throughout 2026, and a turnover rate consistent with the current year. The NAIC uses local and national salary information from organizations such as World at Work, Century Business Services (CBIZ), Human Resource (HR) Morning, and Society for Human Resource Management (SHRM) when assessing potential increases for the coming year.

- (2) The 2027 budget includes requests for 26 full-time equivalents (25 full-time and 2 part-time) to support regulatory, technical, and administrative areas. Additional details regarding these resource additions are included in Fiscal 2: SERFF Modernizations - 2027 Transition Stages and Fiscal 4: Regulatory Support and Operational Resources.
- (3) The overtime budget reflects the amount of overtime required to support NAIC functions during the year. Examples include (1) additional hours to support technology; (2) additional hours worked by desktop computer technicians during maintenance; (3) travel time and additional hours for administrative employees who support national meetings and other NAIC events; and (4) additional hours worked by employees to support committee and internal business operations. The increase in 2026 is related to an increase in the number of administrative employees who support national meetings and additional hours worked on the implementation of the new education and financial platforms. Overtime will decrease in 2027 due to the completion of the education platform implementation.

E1: Salaries

BUDGET ITEM: Temporary Personnel

Item Description: Fees paid to outside agencies and wages paid to interns and temporary employees for additional resources to handle a growing workload and for special projects.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
National and Major Meetings (1)	\$258,252	\$128,382	\$400,382	\$305,331	\$424,982	\$119,651	39.2%
Interns (2)	246,470	112,018	270,018	228,000	253,000	25,000	11.0%
Other (3)	266,157	128,752	256,252	255,000	260,000	5,000	2.0%
Total	<u>\$770,879</u>	<u>\$369,152</u>	<u>\$926,652</u>	<u>\$788,331</u>	<u>\$937,982</u>	<u>\$149,651</u>	19.0%

- (1) Temporary resources for national meetings and the Insurance Summit are used for security and door monitoring purposes. Hotel configurations and meeting schedules dictate the amount of temporary services required at each event. The projection for 2026 and the 2027 budget are based on quotes from venues for those events and include additional security.
- (2) The NAIC internship program is designed to provide needed resources in various high-priority areas. Some of the areas slated for intern assignment include systems testing, product support, statistical and legal research, and member support. This program is successful with respect to identifying and retaining qualified candidates for full-time positions. This program was redesigned at the beginning of 2025 and continues to be very successful for the NAIC and the interns.
- (3) This line includes post-doctoral resources in the Center for Insurance Policy and Research (CIPR).

E2: Temporary Personnel

BUDGET ITEM: Payroll Taxes

Item Description: FICA and unemployment compensation costs incurred for all NAIC employees and interns.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
FICA (1)	\$5,554,819	\$3,155,948	\$6,067,834	\$6,171,402	\$6,554,314	\$382,912	6.2%
Unemployment Compensation (2)	121,208	77,318	77,318	84,058	73,448	(10,610)	-12.6%
Total	<u>\$5,676,027</u>	<u>\$3,233,266</u>	<u>\$6,145,152</u>	<u>\$6,255,460</u>	<u>\$6,627,762</u>	<u>\$372,302</u>	6.0%

(1) The increase in budgeted FICA for 2027 is related to the annual expected increase in the salary limit subject to FICA and the addition of employees as described in the salary section of this budget (see Footnote E1). The underbudget variance in 2026 is related to open positions.

(2) The 2026 projections and 2027 budget incorporates rate reductions received by taxing jurisdictions in the latter part of 2025.

E3: Payroll Taxes

BUDGET ITEM: Employee Benefits

Item Description: Includes retirement, health, dental, life, and disability insurance paid by the NAIC for its employees, as well as programs designed to reduce health insurance costs and retain employees.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Retirement (1)	\$6,167,899	\$3,039,427	\$6,119,427	\$6,816,099	\$6,657,367	(\$158,732)	-2.3%
Health and Dental (2)	8,048,821	4,322,967	9,086,723	8,356,061	9,444,564	1,088,503	13.0%
Group Life and Disability (3)	527,102	308,879	497,879	535,611	561,744	26,133	4.9%
Employee Relations (4)	1,463,921	709,654	1,448,522	1,431,844	1,589,932	158,088	11.0%
Total	<u>\$16,207,743</u>	<u>\$8,380,927</u>	<u>\$17,152,551</u>	<u>\$17,139,615</u>	<u>\$18,253,607</u>	<u>\$1,113,992</u>	6.5%

- (1) Retirement includes the defined contribution plan (DCP) to which the NAIC makes a 3% discretionary contribution of each employee's annual salary and matches an employee's contribution up to 5.5%, for an estimated \$6.1 million in 2026. In 2027, this expense is expected to increase \$522,000 from projected 2026 expense based on (1) increased salary base from the annual merit cycle, (2) automatic escalation of contribution rates until a preset maximum is achieved, and (3) the addition of employees as described in the salary section of this budget (see Footnote E1). The 2027 budget is \$175,000 lower than the 2026 budget as the amount for automatic enrollment in the plan and escalation is more predictive in the third year of the plan change.
- (2) Health insurance under the NAIC's self-insured plan is based on the number of employees enrolled and their benefit selections. As with any self-insured plan, actual costs vary annually based on employee claims. Projected expense for 2026 is based on an increase in claims through mid-year, prior year experience, and increased claims in the latter half of the year once employees meet their deductibles. The 2027 budget includes (1) recent medical claims experience; (2) prescription drug coverage; (3) stop loss coverage; and (4) health and dental coverage for additional employees as described in the salary section of this budget (see Footnote E1). Employee health and dental contributions will increase January 1, 2027, to help offset the rising cost of these benefits. The NAIC currently has several programs in place to assist in reducing the number and severity of health care claims. Examples of these programs are employee health awareness programs, Wellness Day, and Corporate Challenge participation.
- (3) The cost of group life and disability coverage during 2026 was lower than expected. The 2027 budget includes an increase for existing employees and the addition of employees as described in the salary section of this budget (see Footnote E1).
- (4) Employee relations includes (1) service awards; (2) performance recognition programs; (3) employee events such as Town Hall Meetings, Wellness Day, and Corporate Challenge; and (4) a Holiday Luncheon. These events serve as a conduit for employee engagement and camaraderie which are of vital importance in today's hybrid work environment. The increase in 2027 is related to the rising cost to produce the events and the number of employees.

E4: Employee Benefits

BUDGET ITEM: Employee Development

Item Description: Includes fees for seminars, professional training courses, and professional association memberships for NAIC employees.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Education Reimbursements (1)	\$115,839	\$29,342	\$56,442	\$77,070	\$76,593	(\$477)	-0.6%
Professional Training (2)	479,456	238,449	603,386	772,857	695,573	(77,284)	-10.0%
Professional Association Dues (3)	102,944	65,284	102,719	111,529	106,601	(4,928)	-4.4%
Total	<u>\$698,239</u>	<u>\$333,075</u>	<u>\$762,547</u>	<u>\$961,456</u>	<u>\$878,767</u>	<u>(\$82,689)</u>	-8.6%

- (1) Education reimbursements carry an annual cap per employee, are only available to those employees who are actively pursuing college degrees or professional designations, and only apply toward tuition for courses that specifically relate to and enhance the employee's job knowledge and/or skills for the benefit of the NAIC. The NAIC is committed to the development of employee skills to further the work of insurance regulation and the NAIC. Expenses vary from year to year based on employee enrollment in qualifying programs and the cost of those programs.
- (2) Professional training represents registration fees for professional seminars, trade workshops, and education programs attended by NAIC employees who require specialized training or are required to receive continuing education to maintain professional licenses or designations. This category also includes NAIC employee training event expenses on topics such as cybersecurity, management, and leadership. Spending in 2026 is projected to be under budget due to a reduced number of all employee training events, delays with the implementation of the enterprise resource planning (ERP) software for finance, and decreased availability for employees to take training during other major software implementations. The 2027 budget reincorporates ERP training, training on new applications used for current implementations, and includes additional leadership training.
- (3) The budget includes employee memberships in various professional associations, such as the American Society of Association Executives, bar associations, the American Institute of Certified Public Accountants, and numerous technical associations.

E5: Employee Development

BUDGET ITEM: Professional Services

Item Description: Fees paid to outside consultants for legal, actuarial, information technology, security modeling, financial services, and other consulting services.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Legal (1)	\$427,551	\$20,806	\$300,711	\$310,000	\$300,000	(\$10,000)	-3.2%
Accreditation Team (2)	1,075,438	548,887	1,120,866	1,187,885	1,160,995	(26,890)	-2.3%
Royalties (3)	1,472,699	224,380	1,608,610	1,397,853	1,396,776	(1,077)	-0.1%
Benefits (4)	175,532	64,448	124,448	136,496	127,300	(9,196)	-6.7%
Audit (5)	316,226	185,338	381,610	382,560	384,311	1,751	0.5%
Implementation/Upgrade (6)	9,440,059	4,918,829	10,935,215	9,052,542	11,666,720	2,614,178	28.9%
Data Modeling (7)	2,950,000		2,950,000	2,950,000	3,392,500	442,500	15.0%
Other Professional Services (8)	9,105,222	5,029,457	10,018,357	7,911,570	7,394,924	(516,646)	-6.5%
Total	<u>\$24,962,727</u>	<u>\$10,992,145</u>	<u>\$27,439,817</u>	<u>\$23,328,906</u>	<u>\$25,823,526</u>	<u>\$2,494,620</u>	<u>10.7%</u>

- (1) The legal budget covers potential engagement of outside legal firms to assist the Legal Division in (1) expertise to assist on complex and specialized regulatory issues and projects; (2) labor and employment issues; (3) corporate matters relating to contracts, tax, and benefits; and (4) amicus briefs filed at the request of NAIC members.
- (2) The NAIC contracts with independent teams to conduct reviews of insurance departments seeking accreditation under the NAIC Financial Regulation Standards and Accreditation Program. The budget is based on the number and type of examinations to be conducted. The 2027 budget assumes nine jurisdictions undergoing full reviews, one jurisdiction undergoing a re-review, and 10 jurisdictions undergoing pre-review. The 2026 budget included 10 full reviews, two re-reviews, and 11 pre-reviews. This line also includes training for the independent team members regarding program guidelines, standards, review team practices, changes to the program, and NAIC tools used by members to comply with the program. Total multi-state domestics drives the number of team members assigned to each examination.
- (3) Royalties are paid to financial modelers based on CMBS and/or RMBS dataset sales to third parties.
- (4) Consulting, support, and investment services in the benefits category include assistance with (1) administration of and investment advisory services for the defined contribution plan and (2) benefit plan management. The 2026 projection reflects the termination of the defined benefit plan in 2025.
- (5) Audit fees include amounts paid to independent accounting, accrediting, and information technology firms primarily for (1) annual financial examination (\$66,300); (2) Statement on Standards for Attestation Engagements (SSAE) No. 18, Reporting on Controls at a Service Organization (SOC) engagements, including SOC 1, SOC 2, and SOC 3 audits (\$150,000); and (3) cybersecurity audits (\$147,000).
- (6) The implementation/upgrade category contains amounts budgeted for consulting and other professional services related to process and application improvements across all platforms. The 2027 budget includes (1) \$144,000 for ongoing Market Conduct Annual Statement (MCAS) work; (2) \$2.8 million in staff augmentation as the NAIC continues work on several high-profile projects; (3) \$1.7 million for process improvements and automation of back-office systems; (4) \$348,000 for security-related implementations; (5) \$415,000 for continued work on financial analysis solvency tools; (6) \$920,000 to support the existing Financial Data Repository (FDR) system; (7) \$560,000 for jurisdiction implementations; and (8) \$915,000 for Phase II of the Enterprise Data Platform (EDP) Data Portal. The 2027 budget also includes consulting dollars for Fiscal 2: SERFF Modernization - 2027 Transition Stages (\$3.6 million); and Fiscal 3: Financial Regulator Credentialing Pathway (\$50,000). The over budget variance in 2026 is driven by unexpected continued post production support for the new SERFF platform. The increase in the budget is primarily for the inclusion of post production support following the ERP and SERFF releases during 2027, partially offset by a reduction of \$50,000 in staff augmentation due to the addition of employees included in Fiscal 4: Regulatory Support and Operational Resources.

E6: Professional Services

BUDGET ITEM: Professional Services (continued)

- (7) Data modeling service fees are fees paid for the modeling of RMBS and CMBS securities owned by insurers and is based on the most current contract.
- (8) Other professional services include (1) \$200,000 for expenses related to transportation, facilities, speakers, photographers, and other outside services for national and major meetings; (2) \$185,000 in banking and insurance brokerage fees; (3) \$290,000 for consumer education, outreach, and advocacy work; (4) \$517,000 in cloud management services; (5) \$225,000 in video and news production services; (6) \$250,000 for cybersecurity services; (7) \$600,000 for technology and business information subscriptions; (8) \$210,000 for graphic design services; (9) \$68,000 in services related to human capital assets; (10) \$3.9 million in staff augmentation services to fill temporary vacancies in critical but difficult to fill positions and short term resources with specific skillsets; (11) \$775,000 for various activities related to the Catastrophe Modeling Center of Excellence (CAT COE); and (12) \$650,000 for various outside services used throughout the association including staff augmentation for heavy, on-going workloads. Budgeted amounts are partially offset by a reduction of \$550,000 in staff augmentation due to the addition of employees included in Fiscal 4: Regulatory Support and Operational Resources. The 2027 budget also includes consulting dollars for Fiscal 3: Financial Regulator Credentialing Pathway (\$125,000). The over budget variance in 2026 is driven by unexpected continued post production support for the new SERFF platform. The 2027 budget does not anticipate SERFF post production costs to continue throughout 2027 at previous levels. The 2027 budget is also partially offset by a reduction of \$550,000 in staff augmentation due to the addition of employees included in Fiscal 4: Regulatory Support and Operational Resources.

BUDGET ITEM: Computer Services

Item Description: Fees paid to outside providers for computer processing; credit card processing; registrations for national meetings, education programs, and other NAIC events; and securities valuation services.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Database Network (1)	\$819,419	\$365,706	\$813,230	\$838,008	\$959,959	\$121,951	14.6%
Cloud Services (2)	4,470,709	2,441,337	5,220,161	4,290,339	5,588,874	1,298,535	30.3%
Securities Valuation Services (3)	3,591,373	1,933,833	3,900,912	3,939,829	4,025,561	85,732	2.2%
Credit Card Fees (4)	554,192	259,560	561,366	643,707	596,477	(47,230)	-7.3%
Other (5)	357,163	71,919	257,856	256,913	289,895	32,982	12.8%
Total	<u>\$9,792,856</u>	<u>\$5,072,355</u>	<u>\$10,753,525</u>	<u>\$9,968,796</u>	<u>\$11,460,766</u>	<u>\$1,491,970</u>	15.0%

- (1) Database network expenses include (1) internet, data connectivity, and network synchronization between all three NAIC offices; (2) New York and Washington, D.C., office circuits and backups to the Kansas City office; and (3) wireless network and Wi-Fi services at national and major meetings. Fewer circuit connections lowered bandwidth needs in 2026. The 2027 budget includes an increase in connectivity costs at national meetings, most notably New York City, and the Insurance Summit, partially offset by network savings secured in 2026.
- (2) The over budget variance in 2026 represents additional capacity for 2026 projects and increased run costs related to increased data loads. These trends are expected to continue in 2027. The NAIC utilizes a third-party service to ensure performance optimization to minimize costs.
- (3) Securities valuation services represent the purchase of nationally recognized statistical ratings organization (NRSRO) ratings and security data feeds, as well as access to credit reports, industry/sector analysis, peer searches, and analysis methodologies. This information is used to produce NAIC designations for NRSRO-rated securities, including municipal bond pricing, corporate bond pricing, Bloomberg, and Moody's. Some renewals in 2026 were at a slightly lower rate than expected. The 2027 budget includes one new service and estimated renewal rate increases of 2.1% to 10%.
- (4) Credit card fees include charges from vendors and banks to settle customer credit card transactions. The decrease in fees is related to the online payment system being offline for an extended period of time. The budget for 2027 reflects the release of a new online payment portal and an increase in budgeted revenues.
- (5) Other computer services included in the 2027 budget represent (1) technology to scan attendee badges at national meetings and the Insurance Summit (\$184,200); (2) fees for powering the national meeting and Insurance Summit mobile agenda application (\$26,800); (3) employee-based services (\$33,000); and (4) fees for processing online registrations and other services for national meetings and other NAIC events (\$45,000). An increase in technology services used for the production of national and major meetings is driving the increase in the budget for 2027.

E7: Computer Services

BUDGET ITEM: Travel

Item Description: Includes airfare, lodging, meals, and incidental travel expenses incurred by NAIC employees, commissioners, regulators, funded consumer representatives, legislators, and international fellows.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Employee Travel (1)	\$1,995,314	\$1,020,815	\$2,184,063	\$2,286,299	\$2,154,195	(\$132,104)	-5.8%
Non-Employee/Non-Regulator Travel (2)	42,973	917	56,917	63,000	64,200	1,200	1.9%
Regulator Travel (3)	2,480,572	1,130,935	2,667,393	2,941,708	2,750,219	(191,489)	-6.5%
International Travel (4)	935,659	293,700	877,954	921,328	975,629	54,301	5.9%
Regulatory Disaster Assistance Travel (5)	6,690		60,000	60,000	60,000		
Consumer Funding (6)	135,915	57,608	167,284	170,000	170,000		
Total	\$5,597,123	\$2,503,975	\$6,013,611	\$6,442,335	\$6,174,243	(\$268,092)	-4.2%

- (1) Employee travel includes travel for (1) national meetings for committee support; (2) interim committee meetings; (3) jurisdictional visits; (4) catastrophe modeling; (5) member support; and (6) professional seminars and training programs. The under budget variance for 2026 reflects a continued trend toward virtual rather than in-person meetings and training events. In 2027, the Spring National Meeting will be held in Kansas City, MO, and the Summer National Meeting will be held in New York, NY, eliminating travel expenses for staff from these NAIC office locations to the meeting site. This savings is partially offset by (1) an increase in the number of employees needed to support national and interim meetings; (2) expanding catastrophe modeling activities; and (3) the increasing cost of travel.
- (2) The 2027 budget for non-employee/non-regulator travel includes (1) \$34,000 for travel expenses for legislators to attend a 2027 national meeting and (2) \$30,200 for travel and miscellaneous expenses for international regulators sponsored as part of the International Fellows Program. While the NAIC is committed to fund travel to a national meeting for one legislator from each member jurisdiction, the budget is set to reflect actual utilization of this program in prior years.
- (3) Regulator travel includes (1) \$400,000 in domestic travel for commissioners and senior regulators to participate in such events as Congressional testimony, trade association meetings, and speaking engagements for the purpose of conducting NAIC business; (2) \$850,000 to sponsor commissioner and senior regulator travel to all national meetings; (3) \$320,000 to fund commissioner and senior regulator travel to the Commissioners' Conference; (4) \$540,000 to fund regulator travel to the Insurance Summit; (5) \$158,000 for commissioner travel to the annual Committee Planning Meeting and Insurance Week; (6) \$235,000 to fund commissioner and senior regulator travel to the Commissioners' Mid-Year Roundtable; (7) \$60,000 for regulator travel for peer review examinations; (8) \$102,000 to fund regulator travel to the SBS Summit; and (9) \$84,000 to fund travel to various other regulatory events and meetings such as the Financial Analysis (E) Working Group (FAWG), Market Actions (D) Working Group (MAWG), and Center for Insurance Policy and Research (CIPR) events.
- (4) International travel includes \$575,000 for regulator travel and participation in meetings such as the International Association of Insurance Supervisors (IAIS), the Organization for Economic Cooperation and Development (OECD), and the Sustainable Insurance Forum (SIF), among many others. The remainder is for NAIC employee travel to support regulators during certain international regulatory meetings. NAIC members are committed to ensuring U.S. regulatory processes and practices are aligned with international standards development and coordinated with activities of federal agencies. Decreased spending in 2026 is related to vacancies in positions with international travel responsibilities. The 2027 budget reflects an increasing number of international issues that require U.S. regulator involvement and the rising cost of travel.
- (5) Projected 2026 expense and the 2027 budget for regulatory disaster assistance travel represents NAIC's commitment to fund volunteer regulators, if needed, to assist following devastating disasters should they occur.

E8: Travel

BUDGET ITEM: Travel (continued)

- (6) The consumer funding budget includes domestic and international travel for the NAIC's funded consumer representatives to attend national meetings and IAIS meetings. In 2026, the budget was amended to include an additional \$15,000 to fund travel for individuals who are not appointed NAIC funded consumer representatives but have issue-specific expertise and are interested in the NAIC Consumer Participation Program.

E8: Travel

BUDGET ITEM: Occupancy and Rental

Item Description: Includes rent, building operating expenses, maintenance fees, parking, cleaning, warehouse storage, and equipment rental.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Rent (1)	\$3,090,161	\$1,547,984	\$3,088,460	\$3,062,044	\$3,426,352	\$364,308	11.9%
Utilities and Parking (2)	661,062	351,396	879,680	953,402	961,490	8,088	0.8%
Warehouse	106,884	24,153	51,153	51,260	54,362	3,102	6.1%
Equipment Rental and Maintenance (3)	893,516	433,662	858,201	911,979	980,136	68,157	7.5%
National and Major Meeting Equipment Rental	100,562	21,074	101,734	96,442	94,825	(1,617)	-1.7%
Total	<u>\$4,852,185</u>	<u>\$2,378,269</u>	<u>\$4,979,228</u>	<u>\$5,075,127</u>	<u>\$5,517,165</u>	<u>\$442,038</u>	8.7%

- (1) U.S. Generally Accepted Accounting Principles (GAAP) requires rent expense, including scheduled increases in rent payments, be recognized as expense evenly throughout the life of the lease. U.S. GAAP also requires incentive allowances, such as leasehold improvement reimbursements and rent reductions, be recorded on the balance sheet and amortized against rent expense over the life of the lease.

Rent expense for the Central Office in Kansas City, MO, at 1100 Walnut is \$148,424 monthly for 108,955 square feet (\$16.35 per square foot), with a lease expiration of February 29, 2036.

Rent expense for the Executive Office in Washington, D.C., at 1101 K Street is \$50,316 monthly for 11,000 square feet (\$54.89 per square foot), with a lease expiration of July 31, 2037.

Rent expense for the Capital Markets and Investment Analysis Office in New York, NY, at One New York Plaza is \$55,747 monthly for 18,844 square feet (\$35.50 per square foot), with a lease expiration of June 30, 2027. The NAIC will occupy new office space in New York at 101 Park at \$82,751 monthly for 15,598 square feet (\$63.66 per square foot), with a lease expiration of November 30, 2042. The increase in 2027 is related to office space at 2026 rates versus 2014 rates and a two month overlap of rent for the two New York locations.

- (2) Operating costs associated with new lease agreements for the Washington, D.C., and Kansas City, MO, offices following the baseline year of 2025 were not as high as expected. The increase in 2027 over the 2026 projection is for the addition of the new New York, NY, office and utility costs for two locations while the new office space is constructed.
- (3) Equipment rental and maintenance includes the cost to rent and maintain equipment that resides in NAIC offices such as copiers for the NAIC copy center and employee copy areas, computer equipment including laptops, and other business operational equipment. The under budget variance in 2026 is related to the discontinuation of office equipment in early 2026. This decrease is offset in 2027 by the purchase of additional hardware for the SERFF Modernization project.

E9: Occupancy and Rental

BUDGET ITEM: Software License Fees

Item Description: Software licenses fees for products that are essential to NAIC's role in support of regulatory activities.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Software License Fees (1)	\$12,301,984	\$7,025,346	\$14,056,507	\$12,765,558	\$14,921,060	\$2,155,502	16.9%

- (1) The 2027 budget incorporates (1) annual subscription renewal rate increases ranging from 2.1% to 20%; (2) capacity increases, additional software needs, and upgrades to more robust versions of existing tools; and (3) a partial year of software license fees for capitalized technology products that are scheduled to go live in 2027. With the release of these new platforms, software costs move from capitalized to expensed. Expense for 2026 is projected to be greater than budget due to the need for additional software and renewal rates and capacity needs being higher than budgeted. Budget increases for 2027 are partially offset by the elimination of software products that are no longer beneficial to NAIC operations or have been replaced by more powerful tools.

E10: Software License Fees

BUDGET ITEM: Depreciation and Amortization

Item Description: Includes depreciation and amortization for all capital assets owned as of June 30, 2026, projected capital purchases through December 31, 2026, and budgeted capital for 2027.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Depreciation (1)	\$769,111	\$399,053	\$803,595	\$801,502	\$1,124,001	\$322,499	40.2%
Amortization (2)	5,729,899	2,719,056	5,423,567	5,877,101	6,942,724	1,065,623	18.1%
Total	<u>\$6,499,010</u>	<u>\$3,118,109</u>	<u>\$6,227,162</u>	<u>\$6,678,603</u>	<u>\$8,066,725</u>	<u>\$1,388,122</u>	20.8%

- (1) Depreciation is calculated on a straight-line basis over the useful life of capital assets owned by the NAIC, which is five years for furniture and equipment and three years for computer hardware and software. The amount of depreciation expense in a given year is related to the purchase of capital assets in the current and preceding years. The increase in depreciation for 2027 is related to the construction of a new office space in New York, NY.
- (2) Amortization is computed on a straight-line basis for capitalized assets such as leasehold improvements and costs incurred for major computer application projects and system upgrades. The initial useful life of this class of assets is approximately 10 to 12 years, but are assigned to specific assets based on each asset's useful life. The under budget variance in 2026 is related to the delayed start of the ERP project to mid-2026. The increase in 2027 over projected 2026 expense is related to (1) a full year of amortization of SERFF Modernization - 2026 Transition Stages; (2) amortization as detailed in Fiscal 2: SERFF Modernization - 2027 Transition Stages; and (3) amortization for the ERP to begin with the June 1 go-live date.

	2026 Capital Projection	2026 Capital Budget	2027 Capital Budget
Furniture and Equipment	\$528,940	\$788,075	\$905,998
Computer Software	135,713	105,511	50,963
Leasehold Improvements	2,781,482	2,522,347	3,320,220
Consulting	15,539,404	16,240,481	10,606,832
Total Requests	<u>\$18,985,539</u>	<u>\$19,656,414</u>	<u>\$14,884,013</u>

	Furniture & Equipment	Leasehold Improvements	Software	Consulting	2027 Capital Budget
SERFF Modernization - 2027 Transition Stages				\$2,183,984	\$2,183,984
Financial Data Repository (FDR) Modernization				6,853,316	6,853,316
IT VISION Technology Upgrade				1,030,860	1,030,860
Data Center Refresh	\$164,595		\$48,251	29,345	242,191
Enterprise Resource Planning (ERP)				512,039	512,039
New York Leasehold	741,403	\$3,320,220			4,061,623
	<u>\$905,998</u>	<u>\$3,320,220</u>	<u>\$48,251</u>	<u>\$10,609,544</u>	<u>\$14,884,013</u>

See Exhibit E11 for detailed information on specific items with a unit cost of \$25,000 or greater.

E11: Depreciation and Amortization

Proposed Capital Expenditures with a Unit Cost of \$25,000 or Greater

SERFF Modernization - 2027 Transition Stages (\$2,183,984)

The SERFF Modernization - 2027 Transition continues the NAIC's multi-year effort, begun in 2022, to modernize its rate and form filing platform through advances in document management, workflow, and artificial intelligence. Work in 2027 will focus on finalizing implementation for the ten early adopter jurisdictions and completing the features needed to expand the modernized platform to a second group of jurisdictions, referred to as Cohort 2. System improvements, data conversion, training, and implementation support will also help prepare the remaining jurisdictions for transition. Capitalized costs for this project include consulting (\$2,183,984).

Financial Data Repository (FDR) Modernization (\$6,853,316)

FDR is a centralized system used to manage and analyze statutory financial data submitted by insurers. It provides regulators with the comprehensive data needed to monitor financial stability, assess risk, and support market oversight. Following completion of the formal proof of concept in 2025, the project moved into full-scale implementation of a modernized regulatory data collection and management solution. When fully deployed, the new platform will improve regulators' ability to respond to emerging risks, changing market conditions, and the increasing complexity of the insurance sector. Capitalized costs for this project include consulting (\$6,853,316).

IT VISION Technology Upgrades (\$1,030,860)

This three-year initiative provides structural infrastructure upgrades to strengthen operational support for the Securities Valuation Office and modernize VISION. The work includes transitioning monolithic applications, including VISION and AVS+, to a microservices-based architecture. This approach will allow application components to be modernized independently, support the use of current development frameworks, and facilitate deployment to NAIC's target hosting platform. Capitalized costs for this project include consulting (\$1,030,860).

Data Center Refresh (\$242,191)

NAIC's core network infrastructure is approaching the end of vendor support. Key components affected include the Cisco Nexus 7000 data center switches in May 2027, Cisco Nexus 9000 switches in August 2027, and internet edge routers in July 2027. After vendor support ends, these systems will no longer receive security patches, bug fixes, or vulnerability updates and will not be eligible for support contracts that provide replacement hardware and technical assistance. Because these platforms are critical components of the NAIC's network environment, a hardware failure or newly identified vulnerability could result in service disruptions, increased cybersecurity risk, and extended recovery times. Capitalized costs for this project include purchase and installation of the hardware (\$164,595), software (\$48,251), and consulting (\$29,345).

Enterprise Resource Planning (ERP) (\$512,039)

In 2022, the NAIC began a project to convert current aging operational applications into a cloud-based software suite. The human capital management portion of the project was completed in mid-2023. Work in 2027 is to continue progress on implementation of accounting, financial management, and procurement. Capitalized costs for this project include (\$512,039).

Capital Markets & Investment Analysis Office in New York, NY (\$4,061,623)

The current lease for the Capital Markets & Investment Analysis Office in New York, NY, expires in June 2027. To maintain continuity of regulatory operations and oversight, the NAIC has executed a new long-term lease. Preparation and build-out of the new office space are underway. Capitalized costs for this project include technology and software (\$341,007), furniture (\$604,123), and leasehold expenses (\$3,116,493).

BUDGET ITEM: Operational

Item Description: Operational expenses for the NAIC offices including insurance; office and computer supplies; shipping and mail charges; marketing materials; and library reference materials. The branding expense line includes registration and incidental fees charged by organizations for participation in their trade shows, attendance at recruiting events, and branded materials distributed at NAIC events.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Insurance (1)	\$541,610	\$274,667	\$533,653	\$584,140	\$573,806	(\$10,334)	-1.8%
Supplies (2)	466,833	369,771	487,577	468,517	491,945	23,428	5.0%
Non-Capital Equipment (3)	598,713	333,465	538,109	539,655	695,564	155,909	28.9%
Shipping and Mail Services (4)	160,684	119,827	189,201	175,539	213,549	38,010	21.7%
Branding (5)	237,104	58,092	190,474	213,209	243,385	30,176	14.2%
Library Reference Materials (6)	436,030	223,899	452,342	456,252	481,347	25,095	5.5%
	\$2,440,974	\$1,379,721	\$2,391,356	\$2,437,312	\$2,699,596	\$262,284	10.8%

- (1) Bidding coverage for the May 2026 renewal resulted in savings. The 2027 budget anticipates an increase in rates at the May 2027 renewal.
- (2) Supplies include purchases of copy paper, common area supplies, and miscellaneous office supplies. The 2026 projection and 2027 budget incorporate the rising cost of supplies for NAIC offices.
- (3) Non-capital equipment includes non-capitalized computer equipment, such as laptops, as well as minor office equipment and computer supplies needed to furnish employees with the tools necessary to complete their assigned tasks. The increase in the budget for 2027 is related to (1) the increasing cost of computer equipment; (2) the purchase of equipment for additional employee resources as described in the salary section of this budget (see Footnote E1); (3) the replacement of existing equipment that is at end-of-life; and (4) the purchase of 35 non-standard laptops to support technology at national and interim meetings.
- (4) Shipping and mail services includes the cost of shipping equipment and materials to NAIC national meetings and other events, express mail services, and items sent through the United States Postal Service (USPS). The increase in 2026 and 2027 are related to the increase in cost to transport equipment and materials to event locations.
- (5) Branding represents registration and incidental fees charged by organizations for participation in trade shows to market NAIC products and services, such as SERFF, OPTins , SBS, and NAIC education programs. This line also includes expenses related to attendance at recruiting events and branded materials. The increase in this line for 2027 is related to an increased participation in these events and rising registration costs.
- (6) Library reference materials include resources used in performing research by the NAIC Research Library. The reference collection is a vital source of information on insurance, legal, business, finance, and technology-related issues and supports the NAIC's fulfillment of research questions from regulators, employees, and interested parties. The increase in 2027 is related to annual increases in subscription rates and the addition of new digital services.

E12: Operational

BUDGET ITEM: National and Major Meetings

Item Description: Outside costs directly related to conducting national meetings, Commissioners' Conference, Commissioners' Mid-Year Roundtable, Insurance Summit, Insurance Week, and interim meeting expenses not classified within other budget categories.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Receptions (1)	\$373,357	\$146,489	\$462,709	\$421,920	\$494,055	\$72,135	17.1%
Hotel Services (2)	2,963,999	1,718,894	3,235,198	2,930,817	3,429,878	499,061	17.0%
Audiovisual Services (3)	2,092,031	828,316	2,088,473	2,214,325	2,324,606	110,281	5.0%
Interim Meetings (4)	275,436	147,442	227,440	212,931	210,372	(2,559)	-1.2%
Total	<u>\$5,704,823</u>	<u>\$2,841,141</u>	<u>\$6,013,820</u>	<u>\$5,779,993</u>	<u>\$6,458,911</u>	<u>\$678,918</u>	11.7%

National Meeting Locations

<u>Year</u>	<u>Spring</u>	<u>Summer</u>	<u>Fall</u>
2027	Kansas City, MO	New York, NY	Nashville, TN
2026	San Diego, CA	Columbus, OH	Dallas, TX
2025	Indianapolis, IN	Minneapolis, MN	Hollywood, FL

- (1) Expenses for receptions reflect the cost of food and beverage services and charges for the NAIC's welcome reception at (1) national meetings; (2) Commissioners' Conference; (3) Commissioners' Mid-Year Roundtable; (4) Insurance Summit; and (5) Insurance Week. The budget is based on quotes for food and beverage costs for selected meeting sites. The increase in cost in 2027 is primarily due to the cost of this gathering at the NAIC Summer National Meeting in New York City.
- (2) Hotel services include the cost of (1) regulator and employee breakfasts and lunches; (2) regulator, employees, and industry breaks; (3) electrical support; and (4) other hotel charges. The 2027 budget is based on quotes from host hotels and convention centers and expected registration numbers. Like other organizations, the NAIC has experienced a dramatic increase in the cost of food and beverage services in recent years. The increase in 2027 is primarily due to higher costs for services for the Summer National Meeting in New York City.
- (3) Audiovisual services include microphones, video equipment, electronic presentations, and labor costs associated with setup and operation of these services. Budgets for audiovisual were developed based on current needs and quotes from service providers, which in some cases is designated by the facility. As attendance and the agenda have grown, necessitating more venues, the need for audiovisual services has also grown. Additionally, the cost of audiovisual services has increased. The 2027 budget is based on quotes from host hotels and convention centers and incorporates the expected number of attendees. The increase in cost in 2027 is primarily due to the cost of services at national meeting locations, most notably the NAIC Summer National Meeting in New York City.
- (4) The interim meeting budget represents costs associated with meetings on key initiatives that are not otherwise classified within the NAIC's budget. Interim meeting expenses include group meals, meeting room rental, audio-visual, and food and beverage. The 2027 budget covers (1) hosting legislative and international meetings (\$69,000); (2) peer review examinations (\$17,000); (3) ad hoc regulator meetings (\$59,000); and (4) hosting data research events (\$29,750).

E13: National and Major Meetings

BUDGET ITEM: Education and Training

Item Description: Expenses incurred by the NAIC for education programs.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Education Programs (1)	\$105,502	\$65,243	\$296,743	\$258,076	\$432,840	\$174,764	67.7%

- (1) NAIC began the implementation of a new learning platform in 2024. This project included the restructure of courses to self-paced, on-demand, e-learning modules; expansion of content to target regulatory job roles; and the redesign of the education and training website. Conversion of remaining content to the new format is nearing completion. The increase in the 2027 budget is primarily for the Invested Assets Annual Education Seminar. While this program was held in 2026 the expense was offset by underbudget variances in several programs due to delayed content conversion to the new platform.

BUDGET ITEM: Grant and Zone

Item Description: Utilization of grant and zone funds and expenses for zone-sponsored events.

<u>Description</u>	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Grant Funds (1)	\$1,366,298	\$537,639	\$1,898,000	\$1,898,000	\$1,898,000		
Zone Scholarship Funds (2)	19,887	2,893	14,893	20,500	12,000	(\$8,500)	-41.5%
Zone Expenses (3)	701,833	160,763	716,463	754,100	627,100	(127,000)	-16.8%
Total	<u>\$2,088,018</u>	<u>\$701,295</u>	<u>\$2,629,356</u>	<u>\$2,672,600</u>	<u>\$2,537,100</u>	<u>(\$135,500)</u>	-5.1%

- (1) Grant funding will continue at \$33,000 per jurisdiction for 2027 (\$1,848,000). The budget also includes an additional \$50,000 to assist members with special funding needs during the year. The 2026 projection assumes funding will be fully utilized.
- (2) Zone Scholarship funds represent the utilization of training dollars allocated to each member by the four Zones. Grant funding balances are used by members first as they do not carry forward to the following year. Zone scholarship fund balances are available until used by the member.
- (3) Zone expenses include Zone conferences, training events, and meetings at national meetings. The 2026 projection and 2027 budget are based on conference location selected by the Zones. NAIC allocates funding annually to Zones to cover Zone expenses. Funding includes (1) \$2,500 per Zone member, with a minimum of \$60,000 per Zone (\$247,500); (2) \$2,500 per Zone member to be used by the Zones to provide additional training opportunities for their members (\$140,000); and (3) a minimum of \$7,500 per Zone member in unused grant funding reallocated to each Zone at the end of each year (\$420,000).

E15: Grant and Zone

BUDGET ITEM: Other

Item Description: Costs incurred for the NAIC's membership in other organizations, recruiting employees, bad debt expense, member relations, and other expense.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Professional Association Dues – NAIC (1)	\$946,593	\$1,058,323	\$1,066,523	\$1,080,164	\$1,093,835	\$13,671	1.3%
Recruiting and Relocation (2)	203,111	432,276	669,713	344,869	494,869	150,000	43.5%
Bad Debt Expense (3)	41,915	(7,762)	42,238	80,000	50,000	(30,000)	-37.5%
Member Relations (4)	18,788	12,697	26,897	22,975	33,800	10,825	47.1%
Loss on Asset Disposal	71,869						#DIV/0!
Total	<u>\$1,282,276</u>	<u>\$1,495,534</u>	<u>\$1,805,371</u>	<u>\$1,528,008</u>	<u>\$1,672,504</u>	<u>\$144,496</u>	9.5%

- (1) Professional association dues includes just over \$1.0 million for the NAIC's annual membership in the IAIS, an increase of \$11,462 over the dues paid in 2026. The IAIS is expected to increase the NAIC's dues by 2.7% in 2027, calculated in Swiss Francs. The increase was 2.8% in 2026, 2.8% in 2025, and 4.0% in 2024. The NAIC bears the currency conversion rate risk on this membership fee. The 2027 budget reflects continuing conversion risk of Swiss Francs to US Dollars as measured at the time the 2027 budget was prepared.
- (2) Recruiting agencies are used to fill open positions with qualified individuals with a unique/specific skill set and those at higher levels of management within the association when standard methods of recruitment prove unsuccessful. The 2026 projection reflects the use of outside firms to secure qualified individuals in several high profile positions. The 2027 budget represents a continued reliance on outside firms in the area of recruiting.
- (3) Bad debt expense is a provision for future uncollectible customer accounts receivable. The reductions for the 2026 projection and 2027 budget are related to increased collection efforts.
- (4) The member relations account includes expenses associated with the Dineen Award and recognition of NAIC members and officers.

E16: Other

BUDGET ITEM: Investment Income

Item Description: Interest, dividends, and realized and unrealized gains/losses, partially offset by investment advisory management fees on the NAIC investment portfolio and cash equivalents.

Description	2025 Actual	6/30/2026 Actual	12/31/2026 Projected	2026 Budget	2027 Budget	Increase (Decrease)	Percentage
Interest Income (1)	\$1,765,642	\$2,547,850	\$3,205,640	\$1,100,000	\$3,767,606	\$2,667,606	242.5%
Dividend Income (2)	6,935,229	2,878,177	4,443,865	2,800,000	4,208,745	1,408,745	50.3%
Realized Gain/(Loss) (3)	1,885,695	1,502,340	1,672,429				
Unrealized Gain/(Loss) (3)	8,881,203	3,849,739	6,325,160				
Investment Fees (4)	(86,203)	(142,302)	(283,502)	(276,000)	(290,000)	(14,000)	5.1%
Total	<u>\$19,381,566</u>	<u>\$10,635,804</u>	<u>\$15,363,592</u>	<u>\$3,624,000</u>	<u>\$7,686,351</u>	<u>\$4,062,351</u>	112.1%

Investment income includes (1) interest income on short-term investments and cash balances; (2) dividend income from the equity portfolio; and (3) realized and unrealized gains and losses; partially offset by (4) investment advisory fees for the management of the NAIC long-term investment portfolio. NAIC uses actual results through August as the projection for year-end gains and losses for the current year. Realized and unrealized gains or losses are not budgeted due to the volatility of the market.

- (1) The over budget performance in 2026 is driven by the current interest rate environment. The 2027 budget anticipates a continuation of the current interest rate environment.
- (2) Dividend income is projected based on current and historical dividend receipts. The 2026 projection is expected to exceed budget based on receipts through August, the current financial markets, and mix of NAIC investments. Budgeted 2027 dividend income reflects expected income similar 2026 with a slight decrease in light of market uncertainty.
- (3) Unrealized gain and loss is the adjustment of equity investments to market value as required by U.S. GAAP when reporting actual financial results but are not budgeted due to the unpredictability of financial markets. Realized gains as of August 31, 2026, were generated from the sale of existing financial holdings as part of the ongoing investment strategy. Fluctuations in market gains and losses are expected during the remainder of 2026 and during 2027.
- (4) U.S. GAAP requires the presentation of investment advisory management fees as an offset to investment income. Fees for the NAIC's long-term investment portfolio for 2026 are slightly above budget due to investment returns. Expense for 2027 compliments current market trends.

II1: Investment Income

2027 BUDGET FISCAL IMPACT STATEMENTS

Fiscal Number	Description	2027 Budget			Net Impact 2027 Budget
		Capital Expenditures	Revenues	Expenses	
	Total Revenues Over/(Under) Expenses Before Fiscals and Investment Income	\$12,350,029	\$190,529,790	\$198,081,194	(\$7,551,404)
1	Customer Relationship Management (CRM) for FDR Modernization	350,000			
2	SERFF Modernization - 2027 Transition Stages	2,183,984		4,195,507	(4,195,507)
3	Financial Regulator Credentialing Pathway			125,000	(125,000)
4	Regulatory Support and Operational Resources		972,224	1,679,744	(707,520)
	Total Fiscal Revenues Over/(Under) Expenses	2,533,984	972,224	6,000,251	(5,028,027)
	Investment Income		7,686,351		7,686,351
	Total Revenues Over/(Under) Expenses After Fiscals and Investment Income	<u>\$14,884,013</u>	<u>\$199,188,365</u>	<u>\$204,081,445</u>	(\$4,893,080)

Fiscal Impact Statement

DATE SUBMITTED:	SEPTEMBER 1, 2026
NAME OF INITIATIVE:	CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FOR FINANCIAL DATA REPOSITORY (FDR) MODERNIZATION
REGULATOR/BUSINESS SPONSOR:	INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE
NAIC STAFF SUPPORT:	SCOTT MORRIS, CHIEF TECHNOLOGY OFFICER ZACH WILSON, DIRECTOR, IT OPERATIONS
REQUESTED INITIATIVE START DATE:	JANUARY 2027
ANTICIPATED COMPLETION DATE:	JULY 2027
TOTAL REVENUE EXPECTED (2027):	\$0
(2028):	\$0
TOTAL EXPENSE REQUESTED (2027):	\$0
(2028):	\$0
TOTAL CAPITAL REQUESTED (2027):	\$350,000
(2028):	\$0

Summary

This initiative requests funding to establish customer relationship management (CRM) as the authoritative system of record for company and contact data across the Financial Data Repository (FDR) ecosystem. The initiative supports broader FDR modernization by replacing fragmented legacy processes with a scalable CRM-based capability.

The current system relies on disconnected systems, manual workarounds, and inconsistent data management practices, creating duplicate data, reporting limitations, operational inefficiencies, and integration challenges for downstream modernization efforts. The proposed solution will expand current CRM capabilities to support company and contact data management, improve data quality, enable stronger reporting, and provide integration readiness for future FDR ecosystem needs.

Benefits

This initiative will benefit key stakeholders by establishing CRM as the authoritative system of record for company and contact data across the FDR ecosystem. Business teams will gain more consistent and reliable data, reduce manual effort, and improve ability to manage company/contact information. Technical and reporting teams will benefit from stronger data standardization, improved integration readiness, and a more scalable foundation for downstream modernization efforts. Leadership will

benefit from improved visibility, reduced operational risk, and better alignment between CRM implementation and broader FDR modernization objectives.

Deliverables

Key deliverables for this initiative include the configuration and implementation of CRM capabilities to support company and contact data management, migration and validation of required data, definition of data ownership and governance expectations, and enablement of reporting and integration readiness across the FDR ecosystem. Success will be measured by completion of stakeholder validation, user acceptance testing, and transition planning to support adoption of CRM as the authoritative source of truth while reducing reliance on legacy and manual processes.

Financial Impact

- The financial impact is a \$350,000 capital investment needed to implement and configure CRM capabilities that support company and contact data management across the FDR ecosystem.
- The requested funding is for third-party professional services to support CRM implementation, configuration, data migration, integration readiness, testing, and delivery support.
- No additional hardware, travel, training/conference, or new headcount costs are currently assumed.
- Existing CRM licensing is expected to be leveraged. Additional licensing needs will be evaluated as roles, users, and adoption plans are finalized.

See **Attachment I**

2027 Budget

Customer Relationship Management (CRM) for FDR Modernization Project Cost Analysis

Anticipated Start Date: January 2027

Anticipated Completion Date: July 2027

	2027	2028	2029
Description	Total	Total	Total
Capital Purchases:			
Consulting	\$350,000	\$0	\$0
Total Capital Purchases	\$350,000	\$0	\$0

Fiscal Impact Statement

DATE SUBMITTED:	SEPTEMBER 1, 2026
NAME OF INITIATIVE:	SERFF MODERNIZATION – 2027 TRANSITION STAGES
REGULATOR/BUSINESS SPONSOR:	INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE
NAIC STAFF SUPPORT:	SCOTT MORRIS, CHIEF TECHNOLOGY OFFICER JOY MORRISON, DIRECTOR, FILING SOLUTIONS
REQUESTED INITIATIVE START DATE:	JANUARY 2027
ANTICIPATED COMPLETION DATE:	DECEMBER 2027
TOTAL REVENUE EXPECTED (2027):	\$0
(2028):	\$0
TOTAL EXPENSE REQUESTED (2027):	\$4,195,507
(2028):	\$452,147
TOTAL CAPITAL REQUESTED (2027):	\$2,183,984
(2028):	\$0

Summary

The System for Electronic Rates and Forms Filing (SERFF) Modernization – 2027 Transition Stages continues the NAIC’s multi-year transition to a modernized rate and form filing platform. SERFF has supported required insurer product filings and regulatory review for more than 25 years and is currently accepted by 53 jurisdictions, used by more than 6,500 industry users, and processes more than 550,000 transactions each year across Life, Health, Property/Casualty, Insurance Compact, and Affordable Care Act filing needs.

This fiscal is focused on completing the work needed to expand the modernized SERFF platform beyond the 10 early adopter jurisdictions to a second group of jurisdictions, referred to as Cohort 2. The project will finalize implementation of the early adopters, complete the features needed for the next group to begin using the system, and continue system improvements, data conversion, training, and implementation support. These efforts will also help prepare the remaining jurisdictions for a successful transition.

The project also includes planning and architecture for the plan management module, including work with SERFF and Centers for Medicare & Medicaid Services (CMS), to ensure the integration between CMS systems meets CMS and jurisdiction health insurance exchange requirements. The legacy SERFF system will continue to support rates and forms regulation until modernization is completed.

Benefits

A modernized SERFF will provide insurance regulators, insurance companies, and third-party providers with a more intuitive platform that supports improved workflow, reporting, document management, and selected AI-enabled capabilities to assist the filing review process. These improvements are intended to help filings move more quickly and with fewer errors, support streamlined communication between filers and reviewers and make data more accessible for regulatory review and analysis.

Completing the 2027 work protects the significant investment already made in SERFF modernization by extending benefits beyond the early adopter jurisdictions. It also reduces adoption risk by focusing on feature completeness, reporting, system performance, training, and implementation support before the remaining jurisdictions are moved into production.

The 2027 effort is also expected to strengthen production support. Additional support capacity and AI-assisted support resources are intended to help train support analysts and provide first-line resources for users as implementation expands to more jurisdictions.

Deliverables

- Complete follow-up work related to implementation of the 10 early adopters.
- Complete features needed before the remaining jurisdictions can be moved into production.
- Complete data migration, training, and implementation activities for the second cohort of jurisdictions.
- Confirm system performance meets user needs before broader rollout.
- Deliver target-state architecture, resource planning, and project planning for the plan management module supporting the Affordable Care Act (ACA) and jurisdiction health insurance exchanges.
- Coordinate with CMS on SERFF and CMS system integration requirements for plan management.
- Continue improvements to reporting, workflow, and AI-supported review through Compliance Language Assistant for Regulatory Analysis (CLARA) and production support capabilities.

Financial Impact

Refer to **Attachment I** for additional details.

- The 2027 request includes professional services for performance improvements, software development, data migration, and test automation.
- Staff augmentation is requested to assist NAIC resources with business analysis, testing, and production support.
- Requested full-time resources include an AI Support Engineer, Software Quality Analyst III, and Regulatory Enablement Lead.
- An expansion of the testing and production environments.
- The split of professional services and staff augmentation resources between capital and expense is estimated based on development planned for 2027 but those plans could change based on feedback during the early adopter and Cohort 2 implementations.

2027 Budget

**SERFF Modernization - 2027 Transition Stages
Project Cost Analysis**

Anticipated Start Date: January 2027

Anticipated Completion Date: December 2027

Description	2027 Total	2028 Total	2029 Total
Expenses:			
Salary and Benefits	\$349,504	\$452,147	\$474,533
Consulting	3,694,911	0	0
Amortization	151,092	0	0
Total Expenses	4,195,507	452,147	474,533
Revenues Over (Under) Expenses	(\$4,195,507)	(\$452,147)	(\$474,533)
Capital Purchases:			
Consulting	\$2,183,984	\$0	\$0
Total Capital Purchases	\$2,183,984	\$0	\$0

Fiscal Impact Statement

DATE SUBMITTED:	SEPTEMBER 1, 2026
NAME OF INITIATIVE:	FINANCIAL REGULATOR CREDENTIALING PATHWAY
REGULATOR/BUSINESS SPONSOR:	COMMISSIONER NATHAN HOUDEK, CHAIR, FINANCIAL CONDITION (E) COMMITTEE
NAIC STAFF SUPPORT:	CHRISTIAN CARTER, CHIEF MEMBER EXPERIENCE OFFICER MARK SAGAT, CHIEF REGULATORY AFFAIRS OFFICER DAN DAVELINE, MANAGING DIRECTOR, FINANCIAL REGULATORY AFFAIRS MELISSA GRIFFIN, DIRECTOR, EDUCATION AND TRAINING
REQUESTED INITIATIVE START DATE:	JANUARY 2027
ANTICIPATED COMPLETION DATE:	DECEMBER 2028
TOTAL REVENUE EXPECTED (2027):	\$0
(2028):	\$0
TOTAL EXPENSE REQUESTED (2027):	\$125,000
(2028):	\$125,000
TOTAL CAPITAL REQUESTED (2027):	\$0
(2028):	\$0

Summary

The fiscal requests funding for the use of contracted resources to assist in the development and delivery of a comprehensive training and designation program curriculum for financial regulators, to be developed in partnership with the Society of Financial Examiners (SOFE).

The NAIC currently offers an introductory credential, the Associate Professional in Insurance Regulation (APIR), as well as substantial financial training content through NAIC's training and professional development site, NAIC Compass. However, the NAIC does not currently have a comprehensive, role-based designation program covering the full range of core competencies needed by financial regulators.

SOFE currently offers established financial regulator credentials, including Associate Financial Examiner (AFE) and Certified Financial Examiner (CFE), but its program is largely textbook-based and would benefit from modernization.

This project will leverage and integrate the strengths of both organizations to establish a unified, modern credentialing pathway that provides relevant, rigorous, and competency-based training for financial regulators.

Benefits

The benefit is to provide a comprehensive, modern training, and credentialing program that will prepare financial regulators to effectively monitor the solvency of U.S. insurance entities. The project also serves to integrate the NAIC and SOFE designation programs for financial regulators, to avoid potential overlaps and conflicts between competing programs.

Deliverables

The 2027 – 2028 phase of the project is intended to develop and deliver the full set of online training and examination content associated with the AFE and Professional in Insurance Regulation (PIR) levels of the designation curriculum, as follows.

- The proposed AFE curriculum includes:
 - U.S. Solvency Framework Core Principles
 - Introduction to Statutory Accounting and Reporting
 - Introduction to Financial Analysis
 - Introduction to Financial Examinations
 - Life and Health Insurance Fundamentals
 - Property and Casualty Insurance Fundamentals
- The proposed PIR curriculum includes:
 - Investment fundamentals, accounting and reporting
 - Reserving fundamentals, accounting and reporting
 - Risk Based Capital fundamentals, reporting and use
 - Troubled Companies, corrective measures and receivership

Phase 2 of the project would consist of developing and delivering the curriculum for the more advanced Certified Financial Examiner (CFE) and Senior Professional in Insurance Regulation (SPIR) designations, and would be separately proposed and funded later, based on lessons learned from and pending the successful completion of Phase 1.

Financial Impact

The scope and complexity of the project require expertise in both learning development and insurance solvency monitoring. Accordingly, the project proposes contracting three specialized roles to provide leadership and subject matter expertise in support of the existing NAIC and SOFE resources. Due to current NAIC staffing capacity constraints, Phase 1 is proposed as a two-year effort to allow adequate time for development and implementation. The budget reflects the respective financial contributions of the NAIC and SOFE to support the collaborative nature of the project as detailed below and in **Attachment I**.

	2027	2028
Project Manager	\$50,000	\$50,000
Instructional Designer	75,000	75,000
SME Designer	100,000	100,000
Total	<u>\$225,000</u>	<u>\$225,000</u>
NAIC Portion	\$125,000	\$125,000
SOFE Portion	\$100,000	\$100,000

2027 Budget

Financial Regulator Credentialing Pathway Project Cost Analysis

Anticipated Start Date: January 2027

Anticipated Completion Date: December 2028

Description	2027	2028	2029
	Total	Total	Total
Expenses:			
Consulting	\$125,000	\$125,000	\$0
Total Expenses	125,000	125,000	0
Revenues Over (Under) Expenses	(\$125,000)	(\$125,000)	\$0

Fiscal Impact Statement

DATE SUBMITTED:	SEPTEMBER 1, 2026
	REGULATORY SUPPORT AND OPERATIONAL RESOURCES
REGULATOR/BUSINESS SPONSOR:	INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE
NAIC STAFF SUPPORT:	JEFF JOHNSTON, CHIEF EXECUTIVE OFFICER CHRISTIAN CARTER, CHIEF MEMBER EXPERIENCE OFFICER SCOTT MORRIS, CHIEF TECHNOLOGY OFFICER MARK SAGAT, CHIEF REGULATORY AFFAIRS OFFICER JENNIFER STROUD, CHIEF PEOPLE EXPERIENCE OFFICER
REQUESTED INITIATIVE START DATE:	JANUARY 2027
ANTICIPATED COMPLETION DATE:	ONGOING
TOTAL REVENUE EXPECTED (2027):	\$972,224
(2028):	\$2,727,301
TOTAL EXPENSE REQUESTED (2027):	\$1,679,744
(2028):	\$2,634,986
TOTAL CAPITAL REQUESTED (2027):	\$0
(2028):	\$0

Summary

This fiscal outlines NAIC senior management's proposal for the addition of several full-time employees to address important and ongoing regulatory and operational support needs.

As regulatory demands become more complex and expectations for responsive, high-quality support continue to rise, the NAIC must have the capacity to meet the evolving needs of its members and stakeholders. The following positions will strengthen the organization's ability to advance state-based insurance regulation, deliver essential technical and analytical expertise, protect consumers, and support a stable and well-functioning insurance marketplace.

Data Analyst/Trainer

The Data Analyst/Trainer will support the Enterprise Data Platform (EDP) Team by developing, coordinating, and delivering training programs and data solutions for insurance regulators and NAIC stakeholders. As an enterprise-wide training resource, the role will lead data platform training initiatives and establish and maintain a center of excellence for supported data assets. The position will also create reports and other data assets and provide guidance to others who develop these resources.

Investment Data Engineer

The Investment Data Engineer will support assigned investment data needs within the EDP and related transactional databases. The role will design, document, and implement data architectures, data models, data pipelines, and other EDP processes that enable reliable access to investment data.

Project Coordinator (p/t)

The part-time Enterprise Data Project Coordinator will provide administrative support to the EDP team and the NAIC Data Portal Team, requesting access roles for internal and external data users, following up on access issues, providing login instructions, and assisting users with other data-access needs.

Cloud Data Platform Engineer

The Cloud Data Platform Engineer will administer, secure, and optimize the organization's data environment, including user access, data pipelines, performance, cost management, and disaster recovery. This role will build and maintain secure, scalable data solutions and automate platform administration and deployment. Working with data engineers, architects, analysts, and application teams, the position will troubleshoot issues and support reliable data delivery.

Data Engineer

The Data Engineer will support assigned data needs within the EDP. The role will collaborate with data architects, data engineers, data stewards, business owners, project managers, EDP team, other technology teams, and business units that use financial and market data to design and deliver dependable data solutions.

Market Analyst

The Market Analyst will conduct detailed analyses of insurance companies, markets, and industry trends to identify potential market conduct risks and regulatory concerns. The role will develop reports and recommendations, help regulators use NAIC analytical tools, and facilitate workshops and working sessions to interpret findings and coordinate regulatory responses.

Market Analyst Member Relations Lead

The Market Analyst Member Relations Lead will lead member-relations efforts related to insurance market analysis, helping regulators identify emerging risks concerning insurer trends, and potential market conduct issues. The role will conduct detailed analyses, develop reports and regulatory insights, and guide members in using NAIC market analysis tools and systems. Working directly with regulators through workshops, webinars, and working sessions, the position will provide primary support to key NAIC working groups and collaborate across departments to improve analytical tools, strengthen information sharing, and coordinate responses to identified market risks.

Credit Analyst I-Securities Valuation Office (2 positions)

The two Analyst I positions will serve as primary analysts in their assigned areas, applying well-developed credit and analytical expertise to produce high-quality credit analyses. Responsibilities include rating and analyzing a high-volume portfolio of debt securities for inclusion in the NAIC securities database. These positions will accelerate the delivery of designations.

Credit Analyst II-Securities Valuation Office (2 positions)

The two Analyst II positions will serve as primary analysts in their assigned areas, applying well-developed credit and analytical expertise to produce high-quality credit analyses. Responsibilities include rating and analyzing a high-volume portfolio of debt securities for inclusion in the NAIC securities database. These positions will also accelerate the delivery of designations.

Senior Investment Data Analyst

The Senior Data Analyst will serve as the domain expert at the intersection of securities reference data and Investment Analysis Office (IAO) regulatory operations. The role will validate data quality against Securities Valuation Office (SVO) workflow requirements, investigate and resolve identifier and rating exceptions, support validation activities, and work with the engineering team to translate SVO business rules into data requirements.

Credit Rating Provider (CRP) Process Analyst I

The CRP Process Analyst I will analyze quantitative and qualitative data and information from Credit Rating Providers to implement and maintain the Credit Rating Providers' Due Diligence Framework and support administration of policies related to Filing Exemption Discretion. These policies and procedures are intended to strengthen the NAIC's understanding of credit ratings across investment types and how those ratings correspond to the loss experience expected by regulators, helping them make informed decisions about reliance on ratings.

Meetings Services Specialist

The Meetings Services Specialist will support NAIC meetings and events through accurate hotel rooming-list management, comprehensive meeting-related financial reporting, and other operational services for the Meetings Department. This behind-the-scenes role will help ensure hoteling accuracy, timely billing reconciliation, and consistent operational support across NAIC national, interim, and special meetings.

Meetings and Events Planner

The Meetings and Events Planner will manage, coordinate, and execute high-quality events that meet the objectives of NAIC members and staff. The role will oversee contracting, logistical planning, budgeting, and on-site logistics management throughout all phases of the growing number, size, and complexity of NAIC events.

Training Specialist

The Training Specialist will design, develop, and deliver engaging training programs focused on insurance regulation, specialized software, and operational practices. The role will conduct training-needs analyses, collaborate with subject matter experts, and create course content aligned with defined learning objectives. The specialist will also evaluate training effectiveness, prepare course-evaluation reports, maintain accurate records, and update content based on performance metrics.

Senior Training Specialist

The Senior Training Specialist will lead the development, delivery, and performance of NAIC insurance-literacy training and education initiatives. The role will support insurance departments in educating and protecting consumers by extending knowledge to regulators, industry participants, and consumers. Responsibilities include delivering programs and resources for consumer advocacy and public-information roles and supporting other NAIC initiatives that inform the public about insurance projects and state-based regulatory services.

Instructional Designer II

The Instructional Designer II will support the development and delivery of effective learning experiences in partnership with subject matter experts and course-development teams. The role will create online and classroom courses, webinars, and other learning activities while ensuring materials meet branding, quality, and accuracy standards. The position will maintain development records, evaluate course effectiveness, prepare learner and course-evaluation reports, recommend improvements based on collected data, and collaborate with colleagues, project leaders, and supervisors to complete assigned work and support team goals.

Benefits Manager

The Benefits Manager will administer health and welfare, retirement, leave, workers' compensation, and employee-service programs for the NAIC and its affiliate organizations. The role will support benefit enrollment and renewals, regulatory compliance, vendor relationships, plan documentation, employee communications, and the resolution of benefit and claims issues.

Research Librarian (p/t)

Converting the part-time Research Librarian position to full-time will strengthen support for the NAIC Center for Insurance Policy and Research (CIPR) by keeping library resources accessible and relevant and expanding research support. The role maintains library and digital collections, responds to information requests, contributes to insurance-related content and publications, and supports news monitoring, outreach, and training in collaboration with internal teams and subject matter experts.

Catastrophe Risk Reduction Actuary

The Catastrophe Risk Reduction Actuary will support mitigation and related incentives for consumers to combat insurance availability and affordability challenges as well as wildfire mitigation grant programs.

Real-Time Event Response and Property Data Call Senior Analyst

The Real-Time Event Response and Property Data Call Senior Analyst will expand real-time event response reporting to include coverage of additional perils and jurisdictions as well as build out exposure data for integration of real time events with property markets.

Release Train Engineer

The Release Train Engineer will serve as the program-level facilitator for one or more groups of teams, enabling consistent and predictable delivery of value to members, the business, and technology stakeholders. The role will coordinate and support cross-team events and processes and help teams deliver value aligned with strategic goals.

Senior Scrum Master

The Senior Scrum Master will lead multiple teams and coordinate work across teams to support successful delivery of strategic, technology, and operational initiatives. The role will facilitate meetings, coach teams and product owners, remove impediments, manage dependencies, and use metrics to improve team performance and the flow of value. The position will also advance standards across the organization through mentoring, training, process development, and stakeholder communication.

Deliverables

The 23 full-time equivalents (22 new full-time positions and 2 part-time positions) are expected to be hired and brought on board throughout 2027.

Financial Impact

The net financial impact of the staffing additions is an expense of \$707,520 in 2027, consisting of \$2,726,044 in salaries and benefits, significantly offset by \$1,046,300 in savings from displaced consultant costs and \$972,224 in revenue generated by the addition of analysts to the IAO (see **Attachment I**).

2027 Budget

Regulatory Support and Operational Resources
Project Cost Analysis

Anticipated Start Date: January 2027

Anticipated Completion Date: Ongoing

Description	2027 Total	2028 Total	2029 Total
Revenues:			
Capital Markets and Investment Analysis Fees	\$944,300	\$2,698,000	\$2,792,434
License and Administrative Fee	27,924	29,301	30,772
Total Revenues	972,224	2,727,301	2,823,206
Expenses:			
Salary and Benefits	2,726,044	3,723,134	3,906,803
Consulting	(1,046,300)	(1,088,148)	(1,131,673)
Total Expenses	1,679,744	2,634,986	2,775,130
Revenues Over (Under) Expenses	(\$707,520)	\$92,315	\$48,076

**2027 BUDGET
UNRESTRICTED NET ASSETS (UNA)**

	Total UNA	Regulatory Modernization Fund (1)	Available UNA
2021 Ending Balance	\$185,447,236	\$2,669,398	\$182,777,838
2022 Revenues Over/(Under) Expenses	(16,717,823)		
Defined Benefit Plan Adjustment (FAS 158) (2)	192,874		
2022 Ending Balance	168,922,287	\$2,498,819	\$166,423,468
2023 Revenues Over/(Under) Expenses	23,358,889		
Defined Benefit Plan Adjustment (FAS 158) (2)	1,607,802		
2023 Ending Balance	193,888,978	\$2,892,277	\$190,996,701
2024 Revenues Over/(Under) Expenses	16,665,897		
Defined Benefit Plan Adjustment (FAS 158) (2)	(558,818)		
2024 Ending Balance	209,996,057	\$3,050,151	\$206,945,906
2025 Revenues Over/(Under) Expenses	18,032,938		
2025 Ending Balance	228,028,995	\$3,050,151	\$224,978,844
2026 Projected Revenues Over/(Under) Expenses	6,511,913		
2026 Project Ending Balance	234,540,908	\$3,518,114	\$231,022,794
2027 Revenues Over/(Under) Expenses	134,947		
2027 Ending Balance Before Fiscal Impact Statements	234,675,855	\$3,520,138	\$231,155,717
2027 Fiscal Impact Statements	(5,028,027)		
2027 Ending Balance After Fiscal Impact Statements	<u>\$229,647,828</u>	\$4,592,957	\$225,054,871

UNRESTRICTED NET ASSETS

(1) The Regulatory Modernization and Initiatives Fund manages spending beyond the budget by establishing spending guidelines for new initiatives and proposals submitted subsequent to the annual budget presentation. For 2026 and prior years, the fund was maintained at 1.5% of projected consolidated net assets. To address rising operational costs, this target increases to 2.0% for 2027.

(2) Financial accounting standards require plan sponsors to reflect the funded status of their defined benefit plans on the balance sheet on a projected benefit obligation basis. This is accomplished through an adjustment to unallocated net assets equal to actual performance of the NAIC's defined benefit plan compared to assumed performance of investments, discount rates, and covered participants.

The NAIC froze the defined benefit plan to new entrants on January 1, 2000, and accrued benefits for all active employees were frozen as of December 31, 2012. In 2017, the NAIC Internal Administration (EX1) Subcommittee approved a multi-year strategy to accelerate loss recognition and fully fund the plan with the goal of plan termination. The NAIC began the termination process in 2024 and it was completed in mid-2025.

The plan experienced an overall decrease in plan obligation at the December 21, 2022, measurement date as a result of accelerated loss recognition in prior years and updated plan assumptions, partially offset by lower than expected return on assets which decreased the plan asset \$499,074 and increased net assets \$192,874.

Favorable market performance and updated plan assumptions increased the funded status of the plan as of December 31, 2023, increasing the plan asset \$2.4 million and net assets \$1.6 million.

The defined benefit plan adjustment at December 31, 2024, increased plan assets by \$335,995 and decreased net assets by \$558,818. These adjustments were the result of demographics, lump sums compared to liabilities held, annuity purchase premiums, and the portfolio's positive financial performance.

Operating Reserve Policy

On August 10, 2022, the Executive (EX) Committee and Internal Administration (EX1) Subcommittee adopted an operating reserve policy, which established a methodology based on a report from the independent consulting firm hired to review NAIC's operating reserves. The recommendation was based on analysis of NAIC's working capital and strategic needs as well as current and future identified risks. Based on 2026 projections, the 2027 budget, and a current assessment of working capital, operational risks, and strategic investments the NAIC's operating reserve as remeasured in 2026 is a minimum target reserve of \$192.9 million, up from \$174.9 million in the prior year.