

The logo for NAIIC, featuring the letters 'NAIIC' in a bold, white, sans-serif font, followed by a stylized 'C' symbol composed of two overlapping white arcs. A registered trademark symbol (®) is located to the right of the 'C'.

NAIIC

2025
ANNUAL REPORT



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MESSAGE FROM THE 2025 NAIC OFFICERS AND INTERIM CEO

For more than 150 years, the National Association of Insurance Commissioners (NAIC) has supported state insurance regulators in their mission to protect consumers and maintain markets that are secure, stable, and strong. This proud tradition reflects a rich history of coordination, collaboration, and cooperation.

The past informs the present, and today's state insurance regulators stand on the shoulders of countless predecessors who were dedicated to helping individuals and families navigate life's biggest moments and challenges.

As it looks to the past and the present, state insurance regulators' work, much like insurance itself, must also always look ahead.

With an eye firmly on the horizon, our 2025 roadmap—Securing Tomorrow: Advancing State-Based Regulation, laid out a challenge: not only to prepare for change, but also to help shape it.

Our 2025 annual report tells the story of a year of action, where we reinforced a solid foundation, confronted complex challenges in areas such as health insurance, flood insurance, and artificial intelligence (AI), and modernized risk-based capital (RBC) regulation and

investment oversight, ensuring companies keep their promises to policyholders.

We raised awareness about state insurance departments and the unique, time-tested strength of our state-based system, and we coordinated with a range of federal and international governmental partners and stakeholders.

The Los Angeles wildfires, Texas floods, plains to coastal storms, and a host of other events in 2025 vividly illustrated the risks facing consumers and markets. Our work last year demonstrates that even though it's impossible to eliminate uncertainty, our state-based system empowers NAIC Members to lead with confidence into the future.

Sincerely,

Jon Godfread
NAIC President



Scott White
NAIC President-Elect



Elizabeth Kelleher Dwyer
NAIC Vice President



Jon Pike
NAIC Secretary-Treasurer



Jeff Johnston
NAIC Interim CEO and
Chief Regulatory
Affairs Officer




JON GODFREAD
NAIC PRESIDENT

Commissioner
North Dakota Insurance Department



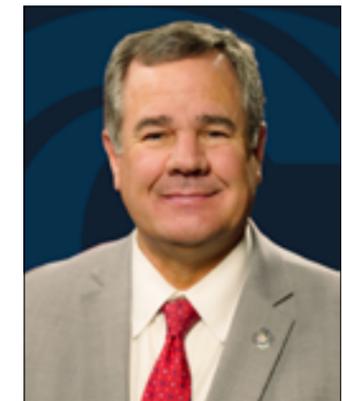
SCOTT WHITE
NAIC PRESIDENT-ELECT

Commissioner, Virginia Insurance
Department Business Regulation



ELIZABETH KELLEHER DWYER
NAIC VICE PRESIDENT

Director, Rhode Island
Department of Business Regulation



JON PIKE
NAIC SECRETARY-TREASURER

Commissioner,
Utah Insurance Department



JEFF JOHNSTON

NAIC Interim CEO and Chief Regulatory Affairs Officer

ABOUT THE NAIC

The National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance departments to effectively regulate the industry and protect consumers. Founded in 1871, the U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and the five U.S. territories of Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Northern Mariana Islands. Through the NAIC, these insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC team members support these efforts and represent the collective views of state insurance regulators domestically and internationally.

OUR FOCUS: OUR MEMBERS AND OUR MISSION

Our Members are state insurance regulators from diverse backgrounds, united by a shared commitment to setting standards and ensuring fair, competitive, and healthy insurance markets that protect consumers. The NAIC's singular mission is to support our Members in these essential efforts.

CONSTANTLY EVOLVING AND ADAPTING

Beyond safeguarding the insurance sector, the NAIC provides a broad range of services, including consumer protection and education, data collection and analysis, technology support, financial assessments and reporting, and licensing and testing.

THINKING NATIONALLY, ACTING LOCALLY

Our state-based system brings regulators together and empowers them to act in the best interests of the people in their states. At the same time, we enable commissioners to collaborate, learn from one another, and apply shared resources to meet each state's unique needs.

AN UNWAVERING COMMITMENT TO PROTECTION

Insurance is a promise to be there when people need protection most. The NAIC supports that promise by providing training and accreditation programs for regulators at every level, along with education and resources for consumers.

OUR CULTURE AND VALUES

The NAIC supports state insurance regulators as they protect consumers by working to ensure that "promises made are promises kept." Insurers promise to pay policyholders in their time of need. Insurance regulators promise to protect consumers and keep markets safe and solvent.



Members of the NAIC Meetings team successfully registered 3,217 attendees for the 2025 Fall National Meeting.

Our values define our organizational culture and our focused commitment to excellence. They are reflected in our work environment and in the way we support our Members every day. Relationships, teamwork, and innovative thinking shape everything we do. We value the diverse perspectives of our Members and employees, and we seek inclusive engagement with regulators, legislators, consumer representatives, industry, and other stakeholders in all facets of our work.

Serving those who serve the public is at the heart of what we do and who we are.



Remedio (Remy) C. Mafnas, Secretary of Commerce for the Commonwealth of the Northern Mariana Islands, at the 2025 Spring National Meeting.



STATE CONNECTED

State Connected is the NAIC's three-year, Member-driven strategic plan that culminated in 2025. The plan addressed Members' need for stronger connections—with one another, with markets and consumers, with stakeholders, and with data, technology, and education. Our vision is for the NAIC to advance in innovation, efficiency, and capability, ensuring we provide the highest level of service and support possible.

Through *State Connected*, the NAIC has leveraged world-class data, communication, and technology to strengthen the state-based insurance system and fulfill our mission to safeguard markets and protect consumers. The strategy delivered expanded service offerings, modernized technology systems, and improved communication and collaboration across our membership.

Together, these efforts reflect meaningful progress toward delivering more connected, capable, and responsive support for our Members and the consumers they serve. By the conclusion of the three-year strategy

period, completed initiatives demonstrated strong execution, effective collaboration, and measurable advancement of our commitment to better connect and support state insurance regulators.

THE PLAN FOCUSED ON SIX KEY AREAS:

- 1 MEMBER CONNECTIVITY**
- 2 TRAINING, EXPERTISE, AND TECHNOLOGY**
- 3 DATA AND ANALYTICS**
- 4 CONSUMER EDUCATION, OUTREACH, AND ADVOCACY**
- 5 COMMITTEE GOVERNANCE AND MANAGEMENT**
- 6 NAIC OPERATIONS**

IN 2025, THE NAIC DELIVERED SIGNIFICANT TECHNOLOGY IMPROVEMENTS AS PART OF THE STATE CONNECTED STRATEGY. THESE INCLUDED:

Customer Relationship Management System (CRM) Implementation. This initiative advanced the strategic theme of Member connectivity. The CRM provides a modern, integrated platform that streamlines how the NAIC engages with its Members. It serves as a single, trusted source for Member data—supporting stronger cross-team collaboration and more efficient, personalized service delivery.

Uniform Certificate of Authority Application Redesign (UCAA). Supporting the training, expertise, and technology theme, the NAIC modernized the UCAA platform to streamline electronic submissions, reviews, and approvals. The March 2025 release covered domestic and foreign corporate amendments, with ongoing enhancements driven by user feedback.

System for Electronic Rates & Forms Filing (SERFF) Modernization. As part of the training, expertise, and technology strategic theme, the NAIC delivered a modernized version of SERFF to the Interstate Insurance Product Regulation Commission (Compact) in March 2025. The team conducted more than 40 releases in the first 115 days, using rapid feedback cycles to drive continuous improvement. Preparation is underway for an expanded release of SERFF to the early-adopter states as features become ready.

In August 2025, the team released **Compliance Language Assistant for Regulatory Analysis (CLARA)** to a small group of pilot states. CLARA helps regulators more quickly identify contract language and determine whether it meets state regulations. CLARA will be slowly rolled out to interested states and enhanced in 2026 based on regulator feedback.

Online Premium Tax for Insurance (OPTins). As the final technology initiative supporting the training, expertise, and technology theme, the NAIC transitioned the legacy system to its identity management solution, enabling single sign-on (SSO) and multifactor authentication (MFA), thereby enhancing security and improving the user experience. A full redesign is in its final months of development, with data migration and reporting as key components. OPTins is expected to go into production in fall 2026, giving regulators and companies time to learn the new features ahead of the annual filing deadline.

Financial Data Repository (FDR) Modernization. Supporting the data and analytics strategic theme, a proof of concept completed in June 2025 confirmed the viability of a new FDR platform in partnership with SAIC. Full implementation began in early 2026.

LESSONS LEARNED AND LOOKING AHEAD

State Connected did more than improve regulatory efficiency; it reinforced a core truth—to remain effective and relevant, the NAIC must stay closely connected to the evolving needs of its Members and the communities they serve.

A key lesson learned is the importance of proactive, transparent communication paired with strong collaboration with our membership. Well-informed and engaged Members are essential to building trust and advancing the NAIC’s mission. By involving Members throughout the planning and delivery cycles, the NAIC ensures that priorities reflect real-world regulatory needs.

Strengthening communication and planning cycles will enable more timely feedback, shared priorities, and stronger alignment. By prioritizing clear communication, adaptability, and meaningful collaboration, the NAIC can better support its Members, advance their regulatory missions, and drive continued success.



Alabama Department of Insurance Commissioner Mark Fowler and Alaska Division of Insurance Director Heather Carpenter are all smiles during the 2025 Fall National Meeting.



North Dakota Insurance Commissioner and NAIC President Jon Godfread delivers remarks during the 2025 Summer National Meeting.



2025 NAIC President-Elect, Scott A. White fields a question while participating as a panelist during the NAIC 2025 International Insurance Forum.

COMMITTEE HIGHLIGHTS

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

The Life Insurance and Annuities (A) Committee considers issues relating to life insurance and annuities, reviews new life insurance products, and monitors the activities of the Life Actuarial (A) Task Force and the Annuity Suitability (A) Working Group.

In 2025, the Committee made progress on several major solvency-related projects. It adopted:

- A new economic scenario generator designed to capture both the low-interest-rate environment of the last decade and the rate increases seen in the past few years. The updated generator strengthens insurers’ ability to estimate the reserves and capital needed to pay future claims.
- Principle-based reserving (PBR) requirements for non-variable (e.g., fixed) annuities, which more accurately capture

risk across a broad array of non-variable annuity products while promoting sound risk management practices.

- *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties (AG 55)*, which requires additional disclosures on certain reinsurance contracts to ensure businesses still have adequate assets after transferring risk to a reinsurer. This new requirement is especially important given life insurers’ increased use of reinsurance as they seek more capital to support rising sales of fixed annuities that include higher minimum interest rate guarantees.

Collectively, these efforts reflect the Committee’s overarching goal of maintaining company solvency and protecting policyholders.



Maryland Insurance Administration Commissioner Marie Grant and Ohio Department of Insurance Director Judith L. French at the 2025 Summer National Meeting.

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

The Health Insurance and Managed Care (B) Committee considers issues relating to all aspects of health insurance and oversees the Health Actuarial (B) Task Force, the Regulatory (B) Framework Task Force, and the Senior Issues (B) Task Force. Its work involves engaging with the federal government, analyzing policy implications, assessing market stability, and examining factors and trends that contribute to coverage access, rising health care costs, and insurance premiums.

ADVOCATING FOR ENHANCED TAX CREDITS

In 2025, the Committee supported state insurance regulators' repeated efforts to urge Congress to extend enhanced premium tax credits under the Affordable Care Act (ACA). The Committee worked with the NAIC's Government Relations Leadership Council (GRLC) on a congressional letter-writing campaign highlighting the importance

of the credits for consumer affordability and market stability. Since June 2024, the Committee has delivered five letters to congressional leadership outlining the urgent need for action. The Committee's advocacy remains ongoing, as the credits' expiration is expected to result in substantial premium increases and could make affordable coverage challenging for millions of consumers.

WHITEPAPER PUBLICATIONS

The Committee finalized a white paper on prior authorization (i.e., a mechanism used to check that a service, treatment, or medication is covered by a health plan and is appropriate, medically necessary, safe, and cost-effective). NAIC Members adopted the paper, which serves as a resource and legislative road map for states, during the Fall National Meeting in December.

The Committee also drafted a paper on the "flexibility" portions of the ACA (i.e., Sections 1331, 1332, and 1333), as the administration sought NAIC input on Section 1333. In drafting the ACA, Congress provided flexibility mechanisms that would

allow states to change coverage delivery or even waive certain requirements of the law. The Committee's paper: 1) reviews those three sections; 2) summarizes state experiences; and 3) offers considerations for states and recommendations to drive greater flexibility, with the goal of expanding coverage options.

Additionally, the Employee Retirement Income Security Act (ERISA) (B) Working Group began drafting a paper addressing emerging health plan structures marketed under ERISA and their implications for state oversight. While ERISA preempts most state laws relating to employer-sponsored health and welfare plans, state insurance departments retain authority over the business of insurance, including insured ERISA plans and multiple employer welfare arrangements (MEWAs). As ERISA-related litigation, federal regulatory activity, and market practices continue to shift, the NAIC remains focused on equipping regulators with the tools and guidance needed to protect consumers and ensure the stability

of insurance markets operating alongside ERISA-governed plans.

THE BIG PICTURE: KEEPING MEMBERS INFORMED

The Committee's overall mandate is to keep Members informed of key issues related to health insurance policy. 2025 was a tumultuous year defined by frequent change and volatility. Through it all, the Committee continued to promote state-led solutions.

As we enter 2026, the Committee continues to empower state insurance regulators to protect consumers and keep markets stable amid rising health care costs, increased utilization, and legislative change.



Oklahoma Insurance Commissioner Glen Mulready (second from left) chaired the Health Insurance and Managed Care (B) Committee in 2025.



Michigan Department of Insurance and Financial Services Director Anita Fox chaired the Health Actuarial (B) Task Force in 2025.



Minnesota Department of Commerce Commissioner Grace Arnold served as chair of the NAIC Consumer Liaison Committee, and as co-vice chair of the Health Insurance and Managed Care (B) Committee.

PROPERTY AND CASUALTY (C) COMMITTEE

The Property and Casualty Insurance (C) Committee monitors and responds to issues affecting the property/casualty (P/C) and surplus lines markets, from cost and delivery to financial reporting and market intelligence. In 2025, the Committee was heavily focused on affordability and availability, as well as on preparedness for natural disasters and other catastrophic risks.

HOMEOWNERS MARKET DATA CALL

In 2025, the Homeowners Market Data Call (C) Task Force continued work to develop and oversee the execution of the homeowners market data call and communicate related issues to NAIC membership. In December, the Committee adopted the new templates and definitions that the Task Force made for the data call, with data due by mid-2026. These materials incorporated feedback from the prior year's



Michael Conway, Colorado Department of Regulatory Agencies Commissioner and chair of the NAIC Property and Casualty Insurance (C) Committee, led the Committee's session during the 2025 Spring National Meeting.

data call, along with input from industry and consumer groups.

The data call will aggregate ZIP-code level information on homeowners insurance, as well as coverage for renters, condominium owners, and mobile home policyholders. The goal of this data collection is to support regulators' analysis of availability and affordability challenges that persisted in 2025.

The resulting dataset represents brand new information for states—offering ZIP-code level insights into geographic differences and areas of high and low risk nationwide. While this data aggregation is still in its early stages, the potential is tremendous: States can use the data to design targeted, cost-effective mitigation programs that help residents retrofit their homes. Regulators can also better understand market dynamics and identify emerging affordability and availability challenges.

Relatedly, in 2025, the Committee began developing an affordability and availability playbook centered on the homeowners market. By year's end, it had received comments from interested regulators and

other stakeholders and made solid progress on the draft outline. The final publication, expected in 2026, will address affordability and availability factors, propose strategies for specific risks, and highlight steps states have taken to address challenges in the homeowners insurance market.

CLIMATE AND RESILIENCY (EX) TASK FORCE

Strengthening disaster risk and resilience work through the Executive (EX) Committee's Climate and Resiliency (EX) Task Force was another priority. Early in 2025, the Committee developed a catastrophe management primer on, which was adopted during the NAIC's Summer National Meeting.

Interest from states in disaster mitigation and resilience efforts continued to grow. Up to 20 states now have mitigation programs in place or in development, with additional states beginning similar efforts. These initiatives educate homeowners on how they can better protect their property and, ultimately, pay lower premiums.



Illinois Insurance Commissioner Ann Gillespie and California Insurance Commissioner Ricardo Lara, both members of the Property and Casualty (C) Committee, pose at the 2025 Spring National Meeting.

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

The [Market Regulation and Consumer Affairs \(D\) Committee](#) monitors the market regulatory process to ensure consumers are treated fairly by insurers, agents, and brokers. In addition to continuous improvement, the Committee also monitors market analysis, regulatory interventions with licensed individuals and entities, multi-jurisdictional collaboration, and recommendations related to the underwriting and market practices of insurers and producers.

In 2025, the Committee focused on three priorities: 1) developing examination standards and licensing guidelines for pharmacy benefit managers (PBMs); 2) developing a cybersecurity incident response framework; and 3) creating a playbook to help states address unlicensed entities in the marketplace.

The first priority is the responsibility of the [Pharmacy Benefit Management \(D\) Working Group](#), which adopted licensing guidelines for PBMs. The Working Group issued a significant draft for examination guidelines for PBMs, which it submitted to the Committee in late 2025. The Working Group anticipates continuing this work in 2026.

The Committee also developed an outline and plan for a cybersecurity incident response framework and began conversations regarding how states might address issues related to unlicensed entities, with further work to continue in the year ahead.



Idaho Department of Insurance Director Dean Cameron chaired the Market Regulation and Consumer Affairs (D) Committee in 2025.

MARKET ANALYSIS PROCEDURES (D) WORKING GROUP

Outside of these three priorities, the Committee conducted important work in 2025 that laid a solid foundation for ongoing efforts and improvements by the NAIC in 2026. The [Market Analysis Procedures \(D\) Working Group](#) conducted

a rigorous evaluation and facilitated discussions on improving NAIC systems supporting how states conduct analysis. These conversations focused on detailed regulatory processes and will help fuel the development of a project proposal that examines how new technologies might be used in states' market analyses.

MARKET ACTIONS (D) WORKING GROUP

In 2025, the Committee enhanced collaboration with the [Market Actions \(D\) Working Group](#), which addresses insurance companies' regulator-only market issues. Early in the year, the Committee reconfirmed collaborative action designees (CADs), which are individuals in each state designated as the key coordinator for multistate regulatory activities. That process clarified the responsibilities of those designees and increased awareness among NAIC Members about how to coordinate multistate activities and responsibilities.

ANTIFRAUD (D) TASK FORCE

The [Antifraud \(D\) Task Force](#) undertook significant work on information sharing. The Task Force continued to monitor and liaise with the NAIC's federal counterparts, particularly around the improper marketing of health insurance. The ongoing effort of states to monitor bad actors in the marketplace is important work that will continue in 2026.

PRODUCER LICENSING (D) TASK FORCE

Much of the work the [Producer Licensing \(D\) Task Force](#) in 2025 centered on monitoring the implementation of revised form applications. The Task Force developed a template for states to use in reviewing 1033 waivers, which individuals who have a felony involving dishonesty or breach of trust must submit to the appropriate state insurance department for review and approval prior to participating in the business of insurance.



(L-R): Nebraska Director of Insurance Director Eric Dunning, South Dakota Director of Insurance Larry Deiter, and North Dakota Insurance Commissioner and NAIC President Jon Godfread catch up at the 2025 Summer National Meeting.

FINANCIAL CONDITION (E) COMMITTEE

The Financial Condition (E) Committee serves as the NAIC's central forum for insurer solvency-related issues, including accounting practices and procedures, blanks, valuation of securities, financial analysis and examinations, receivership, and guaranty funds. It supports more subgroups than any other Committee, and its work is often highly technical.

In recent years, changes in the life insurance sector have significantly shaped the (E) Committee's work.

ADDRESSING RISK FOR LIFE INSURERS WITH NEW REPORTING AND DISCLOSURE REQUIREMENTS

In 2025, the Committee adopted several regulatory changes that continue to build on

the NAIC's ongoing efforts to address the additional risk that life insurers have assumed in their investment portfolios due to a prolonged environment of low interest rates.

Specifically, the NAIC finalized new disclosure requirements for collateral backing insurers' direct loans and added new disclosures related to reinsurance agreements using funds withheld or modified coinsurance to reduce credit risk associated with the use of reinsurance. The new rules require insurers to clearly



Wisconsin Office of the Commissioner of Insurance Commissioner Nathan Houdek chaired the 2025 Financial Condition (E) Committee.



Doug Ommen (left) Commissioner of the Iowa Insurance Division, served as Co-Vice Chair of the Life Insurance and Annuities (A) Committee.

identify what assets they are holding and how those assets are classified—providing regulators with greater transparency into what supports policyholder promises and the level of risk involved.

The NAIC also adopted new reporting requirements that detail the composition of life insurers' assets by type and NAIC designation for modified coinsurance and funds withheld agreements.

Additionally, the NAIC adopted new reporting requirements that restrict the use of assets involved in these same types of agreements and expanded disclosure requirements to improve transparency when reinsurers invest through affiliates.

RESTRUCTURING THE VALUATION SECURITIES (E) TASK FORCE

In past years, the Valuation Securities (E) Task Force largely focused on examining insurance companies' individual investments to determine their credit quality. In 2025, the NAIC began developing a credit-rating provider (CRP) due diligence framework and transitioned this responsibility to a new [Credit Rating Provider \(E\) Working Group](#). That work will continue in 2026.

At the same time, the Committee renamed the Task Force as the [Invested Assets \(E\) Task Force](#) and established two new working groups: 1) the [Investment Designation Analysis \(E\) Working Group](#), to continue the work of examining individual investments of insurance companies; and 2) the [Investment Analysis \(E\) Working Group](#), to analyze insurer portfolios, among other duties.

Across all initiatives in 2025, the Committee maintained a clear and consistent mission: safeguarding the industry's solvency and insurers' ability to pay claims.



Elizabeth Kelleher Dwyer, Director of Rhode Island Department of Business Regulation served as NAIC Vice President in 2025.

FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

The Financial Regulation Standards and Accreditation (F) Committee administers and enforces the NAIC's Financial Regulation and Standards Accreditation Program, which was established to develop and maintain standards to promote effective financial solvency regulation for the insurance industry. Once a state insurance department has demonstrated that it has met and continues to meet various legal, financial, organizational, and licensing standards as determined by a committee of its peers, it receives accreditation from the NAIC.

Accreditation creates substantial efficiencies for insurance regulators and insurance companies licensed in accredited jurisdictions by allowing coordination and eliminating duplicative areas of financial examinations or other financial oversight by multiple jurisdictions.



Sharon P. Clark, Commissioner of the Kentucky Department of Insurance, served as Co-Vice Chair of the Financial Regulation Standards and Accreditation (F) Committee.

RE-ACCREDITATION OF 10 STATES

In 2025, the Committee re-accredited 10 states: Delaware, Idaho, Kentucky, Louisiana, Maryland, Oklahoma, Oregon, Rhode Island, Vermont, and Washington. The re-accreditation process entails in-depth reviews to ensure states are working in accordance with NAIC standards.

The Committee also formed a new working group, the [Accreditation Scope and Alignment \(F\) Working Group](#), to examine the scope of the Accreditation Program and identify opportunities for greater efficiency.

SHIFTING STATE REVIEW TIMING

A significant undertaking of the Committee in 2025 was shifting the timing of all the states' reviews. Historically, the Committee reviews nine to 12 states per year. This year, the Committee examined and adjusted the review schedule to streamline the planning and budgeting process.

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The International Insurance Relations (G) Committee coordinates the NAIC's participation in discussions on international activities, the development of insurance regulatory and supervisory standards and guidance, and the promotion of international cooperation. Additionally, the Committee works with U.S. federal agencies and provides a forum for NAIC communication among NAIC Members and with interested parties on international insurance matters.

Where 2024 focused on finalizing major projects and advancing standard-setting, 2025 marked a shift toward implementation and assessment.

INSURANCE CAPITAL STANDARD

In 2025, the Committee worked on implementing the Aggregation Method—the U.S. approach to the International Association of Insurance Supervisors' (IAIS') Insurance Capital Standard (ICS), adopted in 2024 as a measure of capital adequacy for internationally active insurance groups (IAIGs). To support this initiative, the Committee formed the [Aggregation Method Implementation \(G\) Working Group](#), which began reviewing the U.S. system to identify gaps and refinements and to make recommendations for implementation. This work will continue in 2026.

RELATIONSHIP-BUILDING

Building relationships across jurisdictions remains a foundational principle of the Committee's work. In 2025, the Committee participated in more than 30 events, including more than 20 bilateral meetings. These relationships will remain important

in the year ahead as the global insurance community addresses protection gaps, climate resilience, digital innovation, cybersecurity, and changes in the life insurance sector.

20TH ANNIVERSARY OF THE INTERNATIONAL FELLOWS PROGRAM

A major milestone in 2025 was the 20th anniversary of the International Fellows Program. The program fosters global regulatory collaboration and knowledge exchange through hands-on experience and training. Since its inception, it has welcomed more than 700 participants from more than 50 countries.

FINANCIAL SECTOR ASSESSMENT PROGRAM

Looking ahead, the Committee stands ready to participate in the International Monetary Fund's (IMF's) Financial Sector Assessment Program (FSAP), which occurs approximately every five years. The Committee will coordinate the NAIC's participation and collaborate with its counterparts at the U.S. Treasury Department and within the IMF.

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

The [Innovation, Cybersecurity, and Technology \(H\) Committee](#) serves as a forum for insurance regulators to address cybersecurity, innovation, data security and privacy protections, and emerging technology issues.

Key projects under the jurisdiction of the Committee fall into three categories: 1) artificial intelligence (AI); 2) cybersecurity; and 3) privacy protections.

ARTIFICIAL INTELLIGENCE

AI SYSTEMS EVALUATIONS TOOL

In 2025, the Committee developed an AI systems evaluation tool to help regulators



Angela Nelson, Director of the Missouri Department of Commerce and Insurance, served as co-vice chair of the Innovation, Cybersecurity, and Technology (H) Committee in 2025.

and companies navigate the rapid growth in AI use. While regulators have long relied on a series of handbooks to analyze insurance companies, they historically lacked AI-specific guidelines.

To address this gap, the Committee created a series of AI-specific questionnaires and information-gathering tools, including four exhibits designed to help regulators understand how companies use AI, how they implement governance practices, and whether they engage in activities considered high-risk. The tool is on track to be piloted in 2026.

THIRD-PARTY DATA AND MODEL OVERSIGHT

In 2025, the Committee developed and adopted a bulletin on insurers' use of AI systems. Because many companies rely on third-party data and models, the Committee sought to ensure that regulators can access needed information. The [Third-Party Data and Models \(H\) Working Group](#) issued a registration framework that, if implemented, would require companies to register with their state department of insurance (DOI), provide governance documentation, and agree to supply data and model information upon request.

PRIVACY PROTECTIONS

Through its [Privacy Protections \(H\) Working Group](#), the Committee continued developing a proposed update to the existing privacy regulation that requires insurance companies to inform consumers about the information they maintain about them.

CYBERSECURITY

If an insurance company experiences a cybersecurity event, it must notify its insurance commissioner. In 2025, the Committee discussed building a portal that would automate these notifications through the NAIC. The proposal, if adopted, would authorize the NAIC to create a centralized system allowing companies to notify regulators of cybersecurity breaches in one location.



Pennsylvania Insurance Department Commissioner Michael Humphreys shares insights during the Spring National Meeting.



Florida Office of Insurance Regulation Commissioner Michael Yaworsky served as Chair of the Innovation, Cybersecurity, and Technology (H) Committee and Co-Vice Chair of the Property and Casualty Insurance (C) Committee.

CONTINUED INVESTMENT IN TECHNOLOGY

The NAIC develops and maintains software tools to enable state insurance regulators nationwide to increase productivity and streamline business processes. These tools implement industry-standard security controls and enable regulators to submit and retrieve data, formulate data for decision-making, and access the information they need to do work effectively.

In 2025, the NAIC demonstrated its commitment to modernization, innovation, and operational excellence through major technology upgrades. The Information Technology Group (ITG) improved regulatory efficiency, data integrity, and user experience, while beginning to explore AI to enhance compliance, support,

and development velocity. Service Desk performance remained strong, even with an 8% increase in monthly service requests. (7,300-13,000+ inquiries per month).

Together, these initiatives—along with those supporting the *State Connected* strategic plan—embrace agile transformation, strong project management, and staff development. They ensure continued alignment with the NAIC’s strategic goals and Member priorities.

7,300-13,000+
SERVICE DESK
INQUIRIES
MONTHLY



(L-R) Tennessee Department of Commerce and Insurance Commissioner Carter Lawrence, South Carolina Insurance Commissioner Michael Wise, Louisiana Insurance Commissioner Timothy Temple, and Georgia Insurance and Safety Fire Commissioner John King converse at the 2025 Fall National Meeting.

MAJOR TECHNOLOGY MODERNIZATIONS AND IMPLEMENTATIONS

STATE-BASED SYSTEMS MODERNIZATION

The NAIC remains dedicated to enhancing and expanding [State Based Systems \(SBS\)](#) for its Members, focusing on optimization, scalability, and customization. In 2025, the NAIC continued its multiyear SBS modernization project to replace outdated and siloed legacy components, improve user experience, and enable a more seamless exchange of data among regulators, companies, and consumers.

As of December 2025, there were more than 7.9 million active individual SBS licenses. This included more than 1.4 million new licenses approved in 2025—representing \$926.7 million in total tracked state revenue.

Highlights of the year included the successful full SBS implementation in South Dakota, replacing an outdated vendor system and delivering cost-savings, as well as completion of a company- and consumer-facing complaint portal that streamlines communication and case management. Additional enhancements reduced manual

processing, improved workflow efficiency, and expanded self-service capabilities for regulated entities.

The Information Technology Group (ITG) also strengthened the SBS platform’s technical foundation and data capabilities, ensuring that SBS states have access to advanced data and analytics for licensing, enforcement, and financial oversight. The shift of accredited reinsurers and provider networks into SBS further advanced consistency and uniformity across jurisdictions.



Leveraging technology to support state-based insurance regulation remained a key NAIC priority.

CENTER FOR INSURANCE POLICY AND RESEARCH

The [Center for Insurance Policy and Research \(CIPR\)](#) advances understanding of critical insurance issues by providing objective data, independent research, and educational programming for state insurance regulators, policymakers, industry leaders, and academic experts. Through this work, the CIPR drives informed dialogue and action on issues most important to regulators and the insurance sector.

In 2025, the CIPR delivered impact across its four core focus areas: knowledge programming, core research, the Catastrophe Risk Management Center of Excellence (COE), and academic engagement.

KNOWLEDGE PROGRAMMING

The [CIPR's Research Library](#) continued to serve as a trusted resource for state-based insurance regulators and NAIC staff, responding to 180 information requests from 40 of the 56 jurisdictions. The team expanded its popular "Back to Basics" webinar series, adding new sessions on reciprocal exchanges, flood insurance, and residual property markets to support foundational learning on key insurance topics.



NAIC Director of Health and Life Policy, Brian Webb, shares insights on the sector during the Center for Insurance Policy Research session at the 2025 Summer National Meeting.



NAIC Director of Communications Melissa Jackson (far left) moderates the Center for Insurance Policy Research session, "Supporting Consumers Through Outreach: Amplifying Public Awareness of State Insurance Departments," during the 2025 Fall National Meeting.

CORE RESEARCH

In 2025, the CIPR completed two major long-term research initiatives—U.S. Insurers' Social Impact Investing and Long-Term Care Insurance Reduced Benefit Options. It also launched new projects to address evolving regulatory priorities, including the communication of flood risk, small group health insurance, and criminal history and life insurance underwriting.

In addition, the CIPR introduced a working paper series to provide Members with timely access to emerging research and analysis on key issues.

CATASTROPHE RISK MANAGEMENT CENTER OF EXCELLENCE

The [Catastrophe Risk Management Center of Excellence \(COE\)](#) enhanced its training portfolio with new offerings focused on severe convective storm risk, catastrophe and climate risk training for financial examiners, and the use of catastrophe models in rate filings. Its Resilience HUB continued to assist states in designing and implementing mitigation grant programs and hosted regulators at the Insurance Institute for Business Home & Safety (IBHS) research campus.

The COE also provides state departments of insurance (DOIs) with tools and expertise for catastrophe risk assessments and the development of mitigation premium discount benchmarks. Catastrophe risk and resilience remain a central NAIC priority, and the COE's work delivers critical technical, data, and advisory support.



Jeff Czajkowski, NAIC Managing Director, leads the Center for Insurance Policy and Research.

ACADEMIC ENGAGEMENT

The CIPR continued to oversee the NAIC's peer-reviewed Journal of Insurance Regulation and presented its Journal Club series, which connects authors directly with regulators for discussion and application of research. During the NAIC's 2025 Insurance Summit, the CIPR also hosted a one-day academic symposium that brought together researchers and regulators to exchange insights and highlight emerging findings.

With the publication of a research fellow report focused on policy lapsation and potential adverse selection in life insurance, the CIPR welcomed two new research fellows—strengthening its ties to the academic community and expanding opportunities for collaborative research.

RESEARCH & ACTUARIAL SERVICES

The Research & Actuarial Services team supports jurisdictions in reviewing filings that include machine learning (ML) models. A constant exchange of information between the NAIC and jurisdictions is a fixture of this division's work. Accordingly, the team's key goals are to enhance educational opportunities and improve the consumer experience for jurisdictions that work with the NAIC.

REPORT TURNAROUND TIME

A core priority in 2025 was reducing report turnaround time. The team developed a streamlined process that reduces the number of reports necessary before an insurance department can approve a filing. This new approach produces a more robust report while eliminating an additional review step—resulting in faster turnaround times. As a result, the team can now better support jurisdictions operating under 30-day statutory deadlines.

GENERALIZED LINEAR MODEL TRAINING MODULES

In 2025, the Research & Actuarial Services team concluded a multiyear project to develop a series of educational videos that help jurisdictions train staff on generalized linear models (GLMs). Knowledge of GLMs has become foundational for understanding more complex models that companies are increasingly using in their filings.

The team also found these modules useful for market conduct and financial examiners as they assess the different types of ML models insurance companies are using. By providing this foundational training, the NAIC is equipping regulators with the skills they need to navigate both traditional actuarial models and the emerging landscape of artificial intelligence (AI)-driven tools.

NAIC MODEL REVIEW MANUAL

In 2025, the Research & Actuarial Services team supported the completion and adoption of the NAIC Model Review Manual. The manual formalizes how the team will operate in the future and includes comprehensive checklists outlining the information needed for the efficient review of various model types, including GLMs, penalized regressions, tree-based models, and neural networks.

Use of these checklists will expedite the model reviews and serve as a practical reference for regulators as they evaluate ML filings. Supporting regulators across all jurisdictions in a timely manner that meets regulatory requirements remains a top priority for the Research & Actuarial Services team, and that focus will continue in 2026.

INNOVATION AND ARTIFICIAL INTELLIGENCE INITIATIVES

In 2025, the NAIC advanced a focused innovation agenda to explore responsible AI adoption in regulatory operations. The organization launched and piloted Compliance Language Assistant for Regulatory Analysis (CLARA), an AI-powered tool designed to improve the speed, consistency, and quality of regulatory form reviews.

Through hackathons and targeted workshops, teams demonstrated how AI and rapid prototyping can modernize legacy services, reduce operational risk, and accelerate development cycles. In turn, these efforts can improve user experience for regulators and consumers

by automating troubleshooting, improving issue resolution, and supporting a growing volume of Member and consumer inquiries.

At the same time, the NAIC strengthened governance and risk management for AI adoption. The ITG partnered with security experts to deliver workshops aligned with nationally recognized AI governance frameworks, reinforcing controls around transparency, security, and accountability.

Together, these initiatives position the NAIC to responsibly leverage emerging technologies while supporting continued innovation state-based insurance regulation.



Michelle Santos, Guam Banking and Insurance Commissioner, and Scott Saiki, Hawaii Insurance Commissioner, at the 2025 Fall National Meeting.

COMMUNICATIONS

The Communications team supported commissioners throughout 2025 with a consistent cadence of clear, strategic messaging. More than 40 sets of talking points and messaging resource documents were developed on topics ranging from severe weather and insurance regulation to committee priorities and national policy initiatives. Whether preparing commissioners for national media interviews or supporting major NAIC announcements, the team ensured messaging consistently reflected the NAIC's mission and the value of state-based insurance regulation.

The Communications team also delivered consumer-focused information by producing 11 practical insights that translate complex insurance topics into actionable guidance. At the same time, the team supported public information officers (PIOs) with tailored messaging, coordinated campaigns, and ready-to-use resources to strengthen outreach at the state level.

In 2025, the team amplified the NAIC's voice across national media outlets,

including Bloomberg, Fox News, The Wall Street Journal, The New York Times, The Washington Post, and NPR. These efforts supported the NAIC President's Securing Tomorrow campaign and reinforced the importance of state-based insurance regulation nationwide.

Across all its communications channels, the team delivered a strong year of execution. It issued 60 press releases, managed more than 300 media inquiries, and supported more than 100 speaker requests, while expanding the NAIC's digital footprint with approximately 500 social media posts. Branding, visual storytelling, and photography remained essential to documenting and supporting regulators' work.

Overall, the Communications team's accomplishments in 2025 reflect a year of effective storytelling, broad visibility, and focused execution. By shaping narratives, delivering informative content, and supporting engagement across audiences, the team advanced the NAIC's mission and reinforced the critical role of state insurance regulators in protecting consumers and strengthening the insurance industry.



MEMBER SERVICES

The NAIC's Member Services Division strengthened its role as a connector, convener, and key resource for state insurance regulators in 2025. The team continued to support Members with the tools, knowledge, and networks they needed to advance state-based regulation most effectively. Leveraging Member-driven strategies, the team made significant advancements across Member engagement, technology, committee support, meeting experiences, and education and training.

Throughout the year, Member Services supported new Commissioners and their teams through enhanced onboarding services and improved resources, while intentionally connecting new and experienced Commissioners to promote collaboration, shared learning, and the exchange of perspectives. Together, fresh insights and longstanding regulatory expertise strengthened the NAIC's collaborative work and reinforced its readiness for the future.

TECHNOLOGY

Member Services prioritizes the use of tools and technology to enable effective collaboration in support of Members' goals. This includes the expanded benefits of NAIC Connect, an online community portal for state insurance regulators to access resources and committee information, as well as engage with each other. NAIC Connect usage among Members, regulators, and committee support more than doubled in 2025.

Member Services also implemented a new customer relationship management (CRM) system to strengthen operational efficiency by consolidating data from multiple sources. This centralized approach enables NAIC staff across the organization to communicate more effectively and better serve its Members.



North Dakota Commissioner of Insurance Jon Godfread is recognized for his service as NAIC President during the 2025 Fall National Meeting Opening Session.

MEMBER ENGAGEMENT

The NAIC welcomed 14 new Members in 2025—nearly twice the average from previous years. This presented a meaningful opportunity for the NAIC to build upon its already strong and resilient community of regulatory leaders.

COMMITTEE SUPPORT

In addition to supporting Members in their work on NAIC committees, Member Services is committed to ensuring that NAIC staff who support committees have the tools and resources to advance their committees' priorities. In 2025, Member Services, in coordination with the NAIC's Legal Division, organized a Committee Support Roundtable, gathering all NAIC staff members who directly support one of the NAIC's committees for a full day of training, community-building, and collaboration. Strengthening internal systems and processes creates a ripple effect of positive impacts for NAIC Members.

MEETINGS, EVENTS, AND TRAVEL SERVICES

In 2025, the NAIC's Meetings, Events, and Travel Services team planned, led, and executed some of the most important meetings and events in insurance

regulation. Such events foster connections and promote critical dialogue among state insurance regulators, consumers, legislators, and interested parties, advancing progress on the NAIC's strategic goals. In total, more than 13,000 registrants attended NAIC meetings, either in person or virtually. In 2025, the Meetings team successfully planned and organized more than 70 events in support of insurance regulation.

NATIONAL CONNECTIONS

The largest events of the year, NAIC national meetings are a forum for advancing NAIC committee work, regulator collaboration, consumer protection, and regulatory policy development. In 2025, the NAIC hosted national meetings in Indianapolis, IN, in the spring; Minneapolis, MN, in the summer; and Hollywood, FL, in the fall. Following increased attendance at the Spring and Summer National Meetings, the Fall National Meeting set a record, with more than 1,800 in-person attendees and nearly 1,400 virtual participants.

National meetings are also opportunities to offer specific programs to support regulators in their various roles and interests. The Summer National Meeting offered deputy commissioners of state insurance departments the opportunity to participate in a community service event. Additionally, the Fall National Meeting included: continuing legal education (CLE); a special (H) Committee working group meeting on big data and artificial intelligence (AI); and the State Legislator Program, an event that

brings together state legislators and state insurance regulators to discuss insurance regulatory and policy developments.

REGIONAL CONNECTIONS

The Meetings team planned and organized 57 regional meetings, including geographic zone meetings and special training topics for Members. Notable meetings in 2025 include National Insurance Producer Registry (NIPR) producer licensing training and the Investment Analysis Office (IAO) Leadership Briefing.

PROPERTY AND CASUALTY REINSURANCE ROUNDTABLE

In the summer of 2025, the NAIC hosted a new event, The Property and Casualty Reinsurance Roundtable, focused on sharing knowledge about the aftermath of the Palisades wildfire in Los Angeles, CA. Participants toured areas impacted by wildfires and attended presentations on the evolving catastrophe landscape, as well as the resulting mitigation and resilience efforts led by various state insurance departments.



Whitney Nelson (far left), NAIC Director of Meetings, Events, and Travel celebrates the success of the 2025 Insurance Summit with team members Chris Fabrez and Katie Gieseke.



Andrew N. Mais, Connecticut Insurance Commissioner of Insurance (Feb. 2019 – Nov. 2025) and Dean L. Cameron, Director of the Idaho Department of Insurance, join regulators from across the U.S. during a site visit to areas impacted by the 2025 Altadena fires.

EDUCATION AND TRAINING

The NAIC's Education and Training team is responsible for providing training and professional development to insurance regulators and others, ensuring they have the knowledge and skills needed to support the public and the state-based regulatory system. In 2025, the Education and Training team completed a three-year modernization project that enhanced learning technologies, assessed and updated the NAIC's credentialing program, and expanded training content offerings in a more regulator-specific format.

NAIC COMPASS

Education and Training launched [NAIC Compass](#), a new on-demand learning platform for regulators and interested

parties. Compass consolidated multiple learning platforms into one central location. In addition, the team adapted 58 of its eLearning courses into more than 450 training modules, allowing regulators to access more precise, job-specific training. Compass also offers a full library of webinars and training recordings that were not previously available.

INSURANCE REGULATOR PROFESSIONAL DESIGNATION PROGRAM

The NAIC's [Insurance Regulator Professional Designation Program](#) was redesigned in 2025 to offer three levels of professional designation credentials for all regulators, with an emphasis on those new to insurance regulation. Since the Designation Program's enhancement, monthly enrollment has increased significantly. Additionally,

regulators report greater access to training materials, enabling them to complete their credentials more quickly.

LOOKING AHEAD

These significant accomplishments serve as a launchpad for continued improvement and further efficiency in 2026. In the year ahead, the Education and Training team will continue to expand the revamped Designation Program as it celebrates its 20th year and enhances training content offerings. Efforts include consolidating all the training that the NAIC offers into Compass, as well as expanding learning materials and opportunities.



NAIC Compass supports a stronger, more consistent regulatory system by equipping regulators with modern, standardized training and professional development.

GOVERNMENT AFFAIRS

As the U.S. insurance standard-setting and regulatory support organization, the NAIC coordinates with state, federal, and international regulatory and governmental counterparts while promoting state insurance regulators' perspectives on a wide range of domestic and international policy. NAIC Members and staff engage directly with members of Congress, federal agencies, international standards setters, and others to promote the value and efficacy of our national system of state-based insurance regulation.

NAIC Members also participate in and host forums for engagement with state and federal policymakers, such as an annual state government official dialogue and orientation, dialogues with various state partner associations, and a Commissioner Fly-In in Washington, DC, where commissioners meet with their congressional delegations and federal agency heads. The 2025 Fly-In resulted in more than 145 meetings in a day and a half on a wide range of federal policy priorities, some of which are identified below.



Utah Insurance Commissioner and NAIC Secretary-Treasurer Jon Pike attends the 2025 Commissioner Fly-In in Washington, D.C.

FEDERAL POLICY PRIORITIES

The NAIC prioritized several federal policy initiatives and efforts in 2025. These included:

- Supporting the McCarran Ferguson Restoration Act to eliminate the Federal Insurance Office (FIO), right-size insurance expertise at the U.S. Department of the Treasury, and grant voting status to the state-based system's representative on the Financial Stability Oversight Council (FSOC).
- Supporting the State Insurance Receivership Priority Act (SIRP) to establish a two-year deadline for the federal government to file claims against insolvent insurance companies in receiverships to expedite consumer recovery and protect regulators from personal liability.
- Advancing resilience and mitigation legislation to strengthen state programs, create tax parity for state mitigation grants, and support bipartisan proposals that help states and homeowners lower the risk of catastrophic property damage.
- Advocating for long-term reauthorization of the National Flood Insurance Program (NFIP) to promote program stability, provide policyholder certainty, and support the growth of the private market.
- Engaging with federal officials on disaster and flood insurance, including meeting on Oct. 1 with the Federal Emergency Management Agency (FEMA) Review Council at the White House to share state insurance regulators' unique, on-the-ground perspectives related to flood insurance, consumer protection, and disaster resilience.
- Opposing federal actions that would constrain state authority over artificial intelligence (AI), including two congressional attempts and an executive order.
- Urging Congress to extend the enhanced Affordable Care Act (ACA) tax credits before their expiration, framing the issue as essential to preserving coverage gains and stabilizing state insurance market participation.
- Providing input on federal health insurance policy proposals to reinforce the importance of timely and predictable federal funding and approvals for state innovation waivers. Together with congressional education efforts and consumer enrollment support, these actions positioned the NAIC as a leading voice for sustaining federal funding mechanisms that states rely on to expand and protect health coverage.

RECOGNIZING REGULATOR ACHIEVEMENTS

ROBERT DINEEN AWARD

In June 1989, the NAIC established the Robert Dineen Award in honor of the founder of the NAIC's Support and Services Office. The award honors a staff member of an insurance department who has made an outstanding contribution to state insurance regulation and demonstrated a commitment to advancing the insurance regulatory profession.

In 2025, the NAIC Officers honored three state insurance regulators with the Robert Dineen Award: Kevin P. Beagan, deputy commissioner of the Massachusetts Division of Insurance; Amy Malm, administrator of the Division of Financial Regulation at the Wisconsin Office of the Commissioner of Insurance; and Jamie Walker, deputy commissioner of the Financial Regulation Division in the Texas Department of Insurance.

RAYMOND G. FARMER AWARD FOR EXCEPTIONAL LEADERSHIP

In 2021, the President's Award for Distinguished NAIC Leadership was renamed in honor of Past President and former South Carolina Insurance Director Raymond G. Farmer. The award recognizes exemplary leadership, sustained industry service, and contributions to advancing the NAIC's mission.

In 2025, NAIC President and North Dakota Insurance Commissioner Jon Godfread honored two Members with the Farmer Award: Ohio Department of Insurance Director Judith L. French and Wisconsin Insurance Commissioner Nathan Houdek.



Kevin P. Beagan, 2025 Robert Dineen Award recipient.



Amy Malm, 2025 Robert Dineen Award recipient.



Jamie Walker, 2025 Robert Dineen Award recipient.



Ohio Department of Insurance Director Judith L. French (Far left) and Wisconsin Insurance Commissioner Nathan Houdek (Far right) are 2025 Raymond G. Farmer Award for Exceptional Leadership, recognized by Ray G. Farmer (Second from left) and NAIC President Jon Godfread (Third from left).



FINANCIAL REPORT

**HONORABLE MEMBERS
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS**

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Independent Auditors' Report

Honorable Members
National Association of
Insurance Commissioners

Opinion

We have audited the financial statements of National Association of Insurance Commissioners, which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Association of Insurance Commissioners as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of National Association of Insurance Commissioners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Members
National Association of
Insurance Commissioners

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Insurance Commissioners' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Association of Insurance Commissioners' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Insurance Commissioners' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RubinBrown LLP

March 3, 2026

**NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS**
STATEMENT OF FINANCIAL POSITION

	December 31,	
	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 29,601,396	\$ 20,838,515
Accounts receivable, net of allowance for credit losses of \$78,049 in 2025 and \$47,660 in 2024	12,506,649	10,353,589
Receivables due from affiliates	2,730,385	2,874,236
Prepaid expenses	9,445,409	8,257,164
Investments	162,495,289	144,813,069
Current portion of note receivable	274,013	274,013
Total Current Assets	217,053,141	187,410,586
Other Noncurrent Assets		
Note receivable, net	822,043	1,096,056
Property and equipment, net	55,250,310	56,972,110
Right of use assets - operating leases	22,223,391	24,355,090
Deferred pension asset	—	6,112,325
Total Other Noncurrent Assets	78,295,744	88,535,581
Total Assets	\$ 295,348,885	\$ 275,946,167
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 2,965,156	\$ 4,720,317
Accrued expenses and other current liabilities	17,892,932	16,167,559
Current portion of operating lease liabilities	3,209,129	2,672,635
Deferred revenue	10,655,706	6,848,454
Total Current Liabilities	34,722,923	30,408,965
Noncurrent Liabilities		
Long-term portion of operating lease liabilities	32,596,967	35,541,145
Net Assets		
Without donor restrictions:		
Allocated	224,720,617	206,945,906
Unallocated	3,308,378	3,050,151
Total Net Assets	228,028,995	209,996,057
Total Liabilities And Net Assets	\$ 295,348,885	\$ 275,946,167

**NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS**

STATEMENT OF ACTIVITIES

	December 31,	
	2025	2024
Revenues		
Member assessments	\$ 2,420,262	\$ 2,131,205
Database fees	50,075,896	43,661,649
Publications and insurance data products	18,208,566	18,572,122
Valuation services	38,134,394	36,584,491
Transaction filing fees	24,151,706	22,392,878
Other revenue	202,875	546,872
National meetings, NAIC events and interim meetings	2,750,071	2,676,014
Education and training	204,451	334,555
License fees and administrative services	37,497,911	34,486,539
Total Revenues	173,646,132	161,386,325
Expenses		
Salaries	76,014,394	71,776,305
Temporary personnel	770,879	727,763
Employee benefits and development	22,582,009	19,576,325
Professional services	24,966,527	20,372,962
Computer services	9,792,856	8,796,557
Travel	5,597,123	5,923,212
Occupancy and rental	4,862,185	4,696,235
Software license fees	12,301,984	10,838,978
Depreciation and amortization	6,499,010	4,004,987
Insurance	541,610	513,651
Supplies and printing	1,905,852	1,846,075
National and major meetings	5,688,335	6,542,830
Education and training	105,502	90,855
Grant and zone	2,088,018	2,390,961
Other expenses	1,278,476	1,161,921
Total Expenses	174,994,760	159,259,617
Change In Net Assets Before Net Investment Return And Pension Adjustment	(1,348,628)	2,126,708
Net Investment Return	19,381,566	14,539,189
Pension Adjustment	—	(558,818)
Change In Net Assets Without Donor Restrictions	18,032,938	16,107,079
Net Assets - Beginning Of Year	209,996,057	193,888,978
Net Assets - End Of Year	\$ 228,028,995	\$ 209,996,057

**NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS**

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2025	2024
Cash Flows From Operating Activities		
Changes in net assets without donor restrictions	\$ 18,032,938	\$ 16,107,079
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities:		
Depreciation and amortization	6,499,010	4,004,987
Impairment on property and equipment	—	855,141
Loss on disposal of property and equipment	71,869	—
Net realized and unrealized gains on investments	(10,766,898)	(7,920,697)
Changes in assets and liabilities:		
Accounts receivable, net	(2,153,060)	(1,025,566)
Receivables due from affiliates	143,851	(359,580)
Construction reimbursement receivable	—	11,581,933
Prepaid expenses	(1,188,245)	(2,049,354)
Accounts payable	(1,755,161)	(3,255,676)
Accrued expenses and other current liabilities	2,068,792	6,055,575
Right of use assets and lease liabilities	(275,985)	(149,110)
Deferred revenue	3,807,252	(401,039)
Deferred pension asset	6,112,325	(335,995)
Net Cash Provided By Operating Activities	20,596,688	23,107,698
Cash Flows From Investing Activities		
Payments received on note receivable	274,013	274,013
Purchase of property and equipment	(5,192,498)	(28,290,110)
Purchase of investments	(36,573,871)	(37,680,199)
Proceeds from sale of investments	29,658,549	47,227,074
Net Cash Used In Investing Activities	(11,833,807)	(18,469,222)
Net Increase In Cash And Cash Equivalents	8,762,881	4,638,476
Cash And Cash Equivalents - Beginning Of Year	20,838,515	16,200,039
Cash And Cash Equivalents - End Of Year	\$ 29,601,396	\$ 20,838,515
Supplemental Disclosure Of Cash Flow Information		
Purchases of property and equipment included in accrued expenses	\$ 383,588	\$ 727,007
ROU assets obtained in exchange for new operating lease obligations	—	3,426,599

1. Summary Of Significant Accounting Policies

Organization

The National Association of Insurance Commissioners (the NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight. The NAIC staff supports these efforts and represents the collective views of regulators domestically and internationally. The NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

Basis Of Accounting

The accompanying financial statements of the NAIC have been prepared on the accrual basis of accounting.

Basis Of Presentation

The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the NAIC is required to report information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions but may be subject to board designations. At December 31, 2025 and 2024, there were no board designated net assets.

Net Assets With Donor Restrictions - Net assets are subject to donor-imposed restrictions that may or will be met either by actions of the NAIC and/or the passage of time. Also included within this category are net assets subject to donor-imposed restrictions to be maintained in perpetuity by the NAIC. At December 31, 2025 or 2024, the NAIC does not have any net assets with donor restrictions.

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The NAIC considers all liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2025 and 2024, cash equivalents consisted of money market funds. The NAIC, at times, maintains deposits with banks in excess of the insured limits, but has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. The carrying amount is reduced by a valuation allowance, through a charge to earnings, that reflects management's best estimate of amounts that will not be collected. This assessment considers historical experience, current conditions, and, when appropriate, reasonable and supportable forecasts. To estimate the expected credit losses, receivables have been grouped based on credit risk characteristics including age of the receivable. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on historical experience and may be adjusted to the extent that future results are expected to differ from past experience. Given that the NAIC extends credit terms on a short-term basis, changes to the credit loss percentages due to future events are expected to be rare. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual customers.

Prepaid Expenses

Prepaid expenses include general and insurance expenses that are amortized to expense ratably over the term of the related arrangement.

Investments

The NAIC carries its investments at their estimated fair values. Unrealized gains and losses are included in the change in net assets in the accompanying financial statements.

Investments may be exposed to various risks, such as interest rate, market, and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those effects could be significant.

Note Receivable

The NAIC has a note receivable due from an affiliate, the Interstate Insurance Product Regulation Commission (the Insurance Compact), as described in Note 7. The note receivable is stated at an amount management expects to collect from the outstanding balance, less an allowance for a future contribution to be made to the Insurance Compact once the principal amount of the note receivable is paid.

Property And Equipment

Property and equipment acquired with a useful life expectancy greater than one year and with a cost of \$7,500 or greater is capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The cost of internally developed software is capitalized during the application development stage. All costs during the preliminary project and post-implementation stages are expensed as incurred. The cost of capitalized software will be amortized on the straight-line method over the software's estimated useful lives when placed in service.

	<u>Estimated Useful Lives</u>
Furniture and equipment	5 - 13 years
Computer and related equipment	3 years
Internally developed software	3 - 10 years
Leasehold improvements	10 - 13 years

Impairment Of Long-Lived Assets

If facts and circumstances indicate that the carrying amount of property and equipment may be impaired, an evaluation of recoverability would be performed. If an evaluation were required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a reduction to the carrying amount is required. The carrying amount of an impaired asset would be reduced to its estimated fair value. For the year ending December 31, 2024, management reserved \$855,141 of financial reporting platform implementation costs due to the uncertainty of its future value. No impairment of property and equipment was recorded during the year ending December 31, 2025.

Leases

The NAIC maintains leases for office space and parking garage space in several different geographic locations including Kansas City, Missouri, Washington, DC and New York City, New York. Right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liabilities, plus any lease payments made at or before the commencement date, less any lease incentives received. The NAIC leases have terms ranging from ten to thirteen years. The NAIC does not record ROU assets or lease liabilities for leases with an initial expected period lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset, and the terms associated with extending the lease.

The lease in Kansas City, Missouri was amended in 2023 to extend the term of the lease by an additional 12 years with no renewal options. The NAIC has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease. In 2024, the Kansas City parking lease was amended to extend the lease by an additional 12 years with no renewal options.

Additionally, certain leases contain incentives, including rent reductions, rent holidays, and construction allowances from the respective landlords. These incentives reduce the ROU asset related to the lease and are amortized as reductions of expense over the lease term. The NAIC's leases do not contain any residual value guarantees or material restrictive covenants.

As most leases do not provide an implicit discount rate, the NAIC has made an election available to private entities that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The NAIC's operating leases contain fixed rent escalations over the lease terms. The NAIC recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset.

For contracts with lease and non-lease components, the total transaction price is allocated based on the observable or estimable standalone prices of the lease and non-lease components for all classes of leases.

Pension Plan

The Compensation - Retirement Benefits topic of the ASC requires employers to recognize on their statements of financial position a liability and/or an asset equal to the underfunded or overfunded status of their defined benefit pension and other postretirement benefit plans. The funded status that the NAIC has reported on the statement of financial position under the topic is measured as the difference between the fair value of plan assets and the benefit obligation.

Net Assets

The operating reserve policy considers the NAIC's working capital and strategic needs as well as current and future identified risks. As of December 31, 2025 and 2024, net assets were fully allocated, with the exception of an amount maintained as unallocated equal to 1.5% of the next year's projected net assets. The unallocated balance will be used to fund priority initiatives that may arise in the next year.

Revenues

Revenue from contracts with customers is derived primarily from fees for member assessments, database fees, the sale of publications and insurance data products, valuation services and transaction filing fees, and license and administrative services.

The NAIC's fees for member assessments are for a performance obligation that is satisfied over time and is derived from contracts with an initial expected duration of one year or less. The fee applies to an assessment fiscal year ended April 30, and are recorded in the calendar year assessed as receivables and deferred revenue. At December 31 of each year, one-third of the assessments are accounted for as deferred revenue. For the years ending December 31, 2025 and 2024, member assessment revenue was \$2,420,262 and \$2,131,205, respectively.

The NAIC's database fee revenue is recognized at a point in time and consists of a single performance obligation that is satisfied when the annual statement filing is due. Prices are distinct to a performance obligation. For the years ending December 31, 2025 and 2024, database fee revenue was \$50,075,896 and \$43,661,649, respectively.

The NAIC's sales of publications and insurance data products are recognized at a point in time and consists of a single performance obligation that is satisfied when the product is made available to the customer. Prices are distinct to a performance obligation. For the years ending December 31, 2025 and 2024, publications and insurance data products revenue was \$18,208,566 and \$18,572,122, respectively.

The NAIC's valuation services and transaction filing fees are recognized at a point in time and consists of performance obligations that are satisfied when the service or filing has been performed. Prices are distinct to a performance obligation. For the years ending December 31, 2025 and 2024, valuation services and transactions filing fees revenue was \$62,286,100 and \$58,977,369, respectively.

The NAIC's license fees and administrative services are recognized at a point in time. Administrative services consist of revenues earned from related parties for administrative services and the use of the NAIC's facilities and equipment. The NAIC's license fees consist of revenue earned from a related party for the use of the NAIC's producer data. Revenue from license fees and administrative services is recognized as revenue when the services are performed and when the use of the NAIC's assets occurs, in accordance with the terms contained in written agreements in effect with related parties. Prices are distinct to a performance obligation. For the years ending December 31, 2025 and 2024, administrative services and license fee revenue was \$37,497,911 and \$34,486,539, respectively.

Deferred revenue represents amounts invoiced but the revenue recognition criteria has not been met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues for revenue from contracts are classified as current liabilities on the statement of financial position and as of December 31, 2025 and 2024, were \$10,655,706 and \$6,848,454, respectively. As of January 1, 2024, deferred revenues were \$7,249,493. Associated net accounts receivable for revenue from contracts as of December 31, 2025 and 2024, was \$15,281,049 and \$13,423,099 respectively. As of January 1, 2024, accounts receivable for revenue from contracts was \$11,842,679. There were no changes in revenue streams that would affect economic seasonality of the statement of financial position.

There are no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Income Taxes

The NAIC has been granted exemption from income taxes by the Internal Revenue Service under the provisions of section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the NAIC is subject to federal income tax on any unrelated business taxable income.

Uncertain tax positions, if any, are recorded in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by the taxing authorities. There was no liability for uncertain tax positions recorded at December 31, 2025 or 2024.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date that the financial statements were available for issue.

2. Investments

Investments carried at fair value at December 31, 2025 and 2024, consisted of the following:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Fixed-income mutual funds	\$ 70,362,799	\$ 69,883,796	\$ 76,184,178	\$ 73,010,788
Foreign fixed-income mutual funds	—	—	1,530,407	1,439,091
Domestic equity mutual funds	30,121,685	35,952,418	16,529,529	21,453,777
Common stock:				
Industrials	354,401	1,064,306	588,047	972,531
Consumer discretionary	1,340,895	2,633,169	303,389	1,036,781
Financials	227,598	610,747	1,163,236	2,301,438
Information technology	2,705,278	4,602,106	1,492,553	2,917,624
Other industries	3,452,540	3,798,695	2,448,390	3,610,589
Foreign equity mutual funds	21,032,317	25,865,895	18,956,767	20,429,933
Alternative equity funds	10,200,000	18,084,157	11,800,000	17,640,517
	\$ 139,797,513	\$ 162,495,289	\$ 130,996,496	\$ 144,813,069

Total net investment return comprises the following:

	2025	2024
Interest and dividend income	\$ 8,700,871	\$ 6,897,064
Net realized gains	1,885,695	9,429,835
Net unrealized gains (losses)	8,881,203	(1,506,517)
Investment manager fees	(86,203)	(281,193)
	\$ 19,381,566	\$ 14,539,189

3. Fair Value Measurements

The NAIC follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under these rules are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the NAIC has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology and inputs used for assets measured at fair value:

Common Stock

Valued at the daily closing price as reported on the active market on which the individual securities are traded.

Mutual Funds

Valued at the daily closing price as reported by the fund. The mutual funds held by the NAIC are open-end investment companies that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.

Alternative Investments

The NAIC reports the fair value of alternative investments using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the NAIC based on various factors.

The following tables summarize the financial investments measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	December 31, 2025			
	Total Fair Value	Level 1	Level 2	Level 3
Fixed-income mutual funds	\$ 69,883,796	\$ 69,883,796	\$ —	\$ —
Domestic equity mutual funds	35,952,418	35,952,418	—	—
Common stock:				
Industrials	1,064,306	1,064,306	—	—
Consumer discretionary	2,633,169	2,633,169	—	—
Financials	610,747	610,747	—	—
Information technology	4,602,106	4,602,106	—	—
Other industries	3,798,695	3,798,695	—	—
Foreign equity mutual funds	25,865,895	25,865,895	—	—
Total	144,411,132	\$ 144,411,132	\$ —	\$ —
Investments measured at net asset value:				
Alternative equity funds	18,084,157			
Total Investments	\$ 162,495,289			

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Notes To Financial Statements (Continued)

	December 31, 2024			
	Total Fair Value	Level 1	Level 2	Level 3
Fixed-income mutual funds	\$ 73,010,788	\$ 73,010,788	\$ —	\$ —
Foreign fixed-income mutual funds	1,439,091	1,439,091	—	—
Domestic equity mutual funds	21,453,777	21,453,777	—	—
Common stock:				
Industrials	972,531	972,531	—	—
Consumer discretionary	1,036,781	1,036,781	—	—
Financials	2,301,438	2,301,438	—	—
Information technology	2,917,624	2,917,624	—	—
Other industries	3,610,589	3,610,589	—	—
Foreign equity mutual funds	20,429,933	20,429,933	—	—
Total	127,172,552	\$ 127,172,552	\$ —	\$ —
Investments measured at net asset value:				
Alternative equity funds	17,640,517			
Total Investments	\$ 144,813,069			

The following table sets forth additional disclosures of the NAIC's investments whose fair value is estimated using NAV per share (or its equivalent) as of December 31:

	Fair Value At		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	December 31 2025	2024			
Magnitude International (A) Chatham Asset High Yield Offshore Fund, Ltd. (B)	\$ 10,807,810	\$ 9,536,324	\$ —	Quarterly	65 days
Davidson Kemper (C)	1,926,502	2,502,949	—	Quarterly	45 days
Silver Point Capital Offshore Fund, Ltd. (D)	1,983,370	1,971,699	—	Quarterly	65 days
TCIM Offshore Fund Ltd. (E)	1,995,861	2,394,951	—	Annually	90 days
	1,370,614	1,234,594	—	Monthly	30 days
Total	\$ 18,084,157	\$ 17,640,517			

(A) This fund's investment objective is to deliver a 5% return over SOFR, net of fees, over an extended market cycle with a target of achieving 5% annual volatility. The fund is globally diversified, multistrategy, multimanager portfolio that seeks to maximize expected active return from investing in hedge funds while minimizing passive risk and managing exposure to shock risk.

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Notes To Financial Statements (Continued)

- (B) This fund manages a long/short credit strategy within the high-yield bond and levered loan markets. The strategy combines a unique pairing of deep sector-based fundamental research combined with very active trading of portfolio positions.
- (C) This fund employs a broad multistrategy event driven approach, blending distressed investing with merger arbitrage, event equity, and convertible and volatility arbitrage expertise. Strategy seeks to exploit situations where an announced or anticipated event is likely to take place, and a disconnect in the current valuation relative to the believed exit value is found.
- (D) This fund manages a strategy that invests into distressed credit and special situations investments. Due to the nature of distressed credit, many of the investments have an event catalyst that will unlock value in the company. The fund is looking for opportunities in companies undergoing financial restructuring, companies in financial distress or bankruptcy, companies in liquidation or other special situations.
- (E) This fund aims to deliver meaningful risk-adjusted absolute returns utilizing rigorously research and modeled investment in publicly traded equities.

Alternative investments are redeemable with the fund at NAV under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future, in accordance with the fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the NAIC's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the NAIC were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

4. Property And Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Furniture and equipment	\$ 4,928,079	\$ 5,859,911
Computer and related equipment	7,762,470	10,272,983
Computer software	63,962,720	40,696,587
Software upgrades in progress	3,142,535	21,890,708
Leasehold improvements	23,731,519	23,677,850
	103,527,323	102,398,039
Less: Accumulated depreciation and amortization	48,277,013	45,425,929
	\$ 55,250,310	\$ 56,972,110

Software upgrades in progress include ongoing technical projects. The first project includes the modernization of the NAIC's System for Electronic Rates and Forms Filing (SERFF) which is a critical data collection platform. The NAIC is developing a new platform which will improve rate and form filing efficacy, which in turn will improve product speed to market. Additionally, the new platform will be easier and more intuitive to use, implement quality control checks to prevent incomplete filings, enhance communications between filers and reviewers, and provide access to data with more ease. Filings will be made efficiently, enabling regulators to review the filings more easily and provide feedback in a streamlined manner captured by the new platform. The first phase was completed in 2025. Estimated completion is expected in 2028.

The second project involves a new enterprise resource planning (ERP) solution that will convert current disparate operational applications into one cloud-based, integrated software suite to handle human capital management, accounting, financial management, payroll, procurement, and e-commerce business needs. Work on this project is expected to continue in phases throughout 2026, with expected completion in 2027.

The third project includes significant infrastructure upgrades to improve support for the Securities Valuation Office (SVO) and enhance VISION. This four-year program, which began in January 2024, has delivered several VISION enhancements, including potential modeling of collateralized loan obligations (CLOs) and support for certain filing-exempt securities. Ongoing and future work will include additional technology upgrades and enhanced analytical capabilities, including the use of multiple issuer and security identifiers, and will further focus on breaking monolithic applications into smaller, modular components to enable targeted modernization and deployment to the NAIC's end-state hosting platform.

5. Leases

The NAIC has an operating lease for office space and parking garage space in Kansas City, Missouri which expired in February 2024. In March 2023, this lease was amended to extend the term of the lease by an additional twelve years and redefined the leased premises. This amendment was determined to be a modification of an existing lease and not considered to be a separate contract. Accordingly, the ROU asset and lease liability were remeasured as of the commencement date to include the present value of all future payments under the newly extended term. The unamortized lease incentives from the previous lease amounted to \$1,503,978 at the commencement date of the modified lease. These unamortized incentives reduced the ROU asset when it was remeasured as of the commencement date for the lease amendment.

The lease amendment includes certain lease incentives that were received after the commencement date of the amendment. These incentives included rent reductions totaling \$1,500,000 and a tenant construction allowance totaling \$9,821,933. These incentives were received after the effective date of the lease amendment, therefore the incentives increased the lease liability and will be amortized as a reduction of rent expense over the remaining term of the lease.

In March 2024, the parking garage space lease was amended to extend the term of the lease by an additional twelve years and redefined certain parking rights. As such, the ROU asset and lease liability increased by \$3,426,599 which related to the lease was remeasured as of the commencement date for the lease amendment.

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Notes To Financial Statements (Continued)

The NAIC has an operating lease for office space in Washington, DC which expired in January 2024. During 2023, NAIC entered into a new lease that is considered to be a separate contract from the existing lease located in Washington, DC. The new lease has a term of twelve years with no renewal options. It was determined that the commencement date was in 2023. As such, a ROU asset and lease liability in the amount of \$5,452,010 was recognized during 2023. The new lease contains a construction allowance of \$1,760,000 which reduced the initial ROU asset and results in a reduction of lease expense over the term of the lease.

The NAIC has an operating lease for office space in New York City, New York which expires in June 2027.

Lease expense for the years ended December 31 is as follows:

		2025	2024
Operating Lease Costs	Classification		
Operating lease costs	Occupancy	\$ 3,480,677	\$ 3,446,222

Supplemental cash flow and other information related to leases are as follows:

	2025	2024
Cash Flow Information		
Cash paid for operating leases included in operating activities	\$ 3,747,961	\$ 3,757,796
Other Information		
Weighted-average remaining term - operating leases	9.94	10.76
Weighted-average discount rate - operating leases	3.52%	3.48%

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Notes To Financial Statements (Continued)

The reconciliation of the undiscounted cash flows for each of the next five years and total remaining years of the lease liabilities recorded on the statement of financial position is as follows:

Year	Operating Leases
2026	\$ 4,415,928
2027	4,189,640
2028	3,837,729
2029	3,919,862
2030	4,002,667
Thereafter	22,442,049
Total Minimum Lease Payments	42,807,875
Less: Amount of lease payments representing interest	7,001,779
Present value of future minimum lease payments	35,806,096
Less: Current portion	3,209,129
Long-Term Lease Liabilities	\$ 32,596,967

6. Employee Retirement Plans

The NAIC had a noncontributory defined benefit plan covering all employees with a hire date prior to January 1, 2000. As of December 31, 2012, accrued benefits for all active participants were frozen. The benefits are based on years of service and the employee's compensation prior to January 1, 2013.

Effective May 31, 2024, NAIC approved the termination of the defined benefit pension plan. As a result, in 2024 each participant elected to receive either a single lump sum distribution, the option to rollover the value of their benefit to a different retirement account, or receive an annuity contract administered by a third-party. All benefits were settled during 2024. The final administrative process was completed in June 2025 and the remaining plan assets of \$5,866,164 were transferred to the NAIC operating cash account and are reported within net cash provided by operating activities within the statement of cash flows. There is no remaining liability associated with the defined benefit pension plan as of December 31, 2025.

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Notes To Financial Statements (Continued)

The following table sets forth the plan's funding status, amount recognized in the NAIC's financial statements, and other required disclosures:

	2025	2024
Projected benefit obligation	\$ —	\$ —
Fair value of plan assets		6,112,325
Funded status of plan	\$ —	\$ 6,112,325
Accrued benefit asset recognized in the statements of financial position	\$ —	\$ 6,112,325
Accumulated benefit obligation	\$ —	\$ —
Plan settlements	\$ —	\$ (33,811,449)
Benefits paid	\$ —	\$ (964,461)
Interest cost	\$ —	\$ 1,506,235
Return on plan assets	—	(1,437,671)
Amortization of net loss	—	(1,132,213)
Settlement loss recognized	—	168,836
Net pension benefit	\$ —	\$ (894,813)

Weighted-average assumptions used to determine benefit obligations were as follows as of December 31, 2024:

	2024
Discount rate	N/A
Salary rate	N/A
Measurement date	December 31, 2024

Weighted-average assumptions used to determine net pension costs were as follows as of December 31, 2024:

	2024
Discount rate	5.09%
Salary rate	N/A
Expected return on plan assets	4.00%
Measurement date	December 31, 2024

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Notes To Financial Statements (Continued)

The expected rate of return on plan assets was determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

The following was the plan's weighted-average asset allocation by asset category as of December 31, 2024 (the measurement date of the plan assets):

	2024
Debt securities	100%

Plan assets were held by an insurance company, which invested the plan assets in accordance with the provisions of the plan agreement. The plan agreement permitted investment in common stocks, corporate bonds, U.S. government securities, and other specified investments, based on certain target allocation percentages. Plan assets were rebalanced as necessary based upon the minimum and maximum restrictions set forth in the plan's investment policy statement. Plan assets were valued using Level 1 inputs and were based on unadjusted quoted market prices within active markets.

The NAIC provides a defined contribution 401(a) plan that covers substantially all employees. Each year, the Executive (EX) Committee and Internal Administration (EX1) Subcommittee determine the contribution for the next year. The NAIC matched up to 5.5% of compensation of employees who contributed to the plan and contributed 3.0% of all employees' compensation in 2025 and 2024. The expense related to the plan for the years ended December 31, 2025 and 2024, was \$5,921,738 and \$5,500,458, respectively.

7. Related Party Transactions

The NAIC and National Insurance Producer Registry (NIPR) executed a License and Services Agreement (the Agreement) effective January 1, 2023, for an initial term of five years. The terms of the Agreement provide for (1) a 38% license fee for NIPR to use the NAIC's producer data; (2) the reimbursement of the actual cost of services, facilities, and equipment provided by the NAIC to NIPR; and (3) a service fee for administrative and technical services provided by NAIC staff.

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Notes To Financial Statements (Continued)

The total amount of revenue recognized during the year and amount due from NIPR are as follows:

	<u>2025</u>	<u>2024</u>
Administrative services provided to NIPR	\$ 2,543,956	\$ 3,102,204
License fee	\$ 34,773,955	\$ 31,234,335
Accounts receivable due from NIPR	\$ 2,642,948	\$ 2,831,358

Effective June 2007, the NAIC entered into a service agreement with the Interstate Insurance Product Regulation Commission (the Insurance Compact), where the NAIC provides certain administrative services to the Insurance Compact. The NAIC receives an administrative fee of \$125,000 and an annual license and maintenance fee in the amount of \$25,000 for the use of the NAIC's SERFF. The Insurance Compact also pays an adjustable administrative fee of 7.5% for every \$25,000 of net revenue in excess of expenses.

The Insurance Compact used lines of credit from the NAIC to fund operational needs from 2007 to 2012. Interest accrued throughout this period at a rate of 2.25%.

Repayment of principal and interest was deferred until certain operating performance measures were met by the Insurance Compact. As of December 31, 2019, the Insurance Compact's 2019 financial performance triggered repayment of the note receivable. During 2020, the Insurance Compact renegotiated with the NAIC to modify and restructure the aforementioned operating note as a result of the trigger date being achieved. The modified agreement extends the repayment term from five to ten years with the first payment due in 2020 and the final payment due in 2029. Repayment will be made only on the principal balance. Payments of \$274,013 will be made no later than March 31 of each year. Interest does not accrue during the repayment period including any extended periods beyond the initial 10-year repayment period. If, during the 10-year repayment period, the Insurance Compact's cash balance is less than \$250,000 as reflected in the annual audited financial statements, the required payment for the year following the financial statement date will be deferred and the repayment period extended accordingly. Upon the final payment that completely repays the principal balance, the imputed interest balance of \$712,733 will be forgiven and treated as a contribution to the Insurance Compact. As a result of the modification, the NAIC has recorded an allowance for the accrued interest portion of \$712,733 on the note receivable from the Insurance Compact as of December 31, 2025 and 2024.

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Notes To Financial Statements (Continued)

Principal payments due to the NAIC as of December 31, 2025, consist of the following:

<u>Year</u>	<u>Amount</u>
2026	\$ 274,013
2027	274,013
2028	274,013
2029	274,017
	<u>\$ 1,096,056</u>

The total amount of revenue recognized during the year and amounts owed at year-end from the Insurance Compact are as follows:

	<u>2025</u>	<u>2024</u>
Administrative services provided by the NAIC	\$ 125,000	\$ 125,000
License fee paid to the NAIC	\$ 25,000	\$ 25,000
Adjustable administrative fee	\$ 30,000	\$ —
Amounts payable to the NAIC	\$ 87,437	\$ 42,878
Note payable to the NAIC, net of allowance of \$712,733 recorded by the NAIC	\$ 1,096,056	\$ 1,370,069

8. Contingencies

The NAIC is, from time to time, subject to claims and lawsuits arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not currently believe the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations, or cash flows of the NAIC.

9. Commitments

Effective August 1, 2021, the NAIC entered into a long-term agreement with a third party for financial modeling services related to Commercial Mortgage Backed Securities (CMBS) and Residential Mortgage Backed Securities (RMBS). The NAIC pays the third party a fee of \$2,950,000 on an annual basis through the expiration of the agreement on July 31, 2025. This agreement includes two one-year renewal options.

Effective August 1, 2025, the NAIC extended the long-term agreement. The NAIC pays the third party a fee of \$2,950,000 on an annual basis through the expiration of the agreement on July 31, 2026.

10. Liquidity And Availability Of Resources

The NAIC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2025 and 2024, the following financial assets are available to meet general operating expenditures of the subsequent fiscal year:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 29,601,396	\$ 20,838,515
Accounts receivable, net	12,506,649	10,353,589
Receivables due from affiliates	2,730,385	2,874,236
Investments	162,495,289	144,813,069
Current portion of operating note receivable	274,013	274,013
Total Financial Assets	\$ 207,607,732	\$ 179,153,422

The NAIC has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and marketable debt and equity securities. See Note 2 and 3 for information about the NAIC's investments.

11. Statements Of Functional Expenses

Expenses for the years ending December 31, 2025 and 2024 are presented in the following tables according to both functional and natural classifications. Certain expenses including salaries, benefits, and payroll taxes are allocated on the basis of time and effort. Expenses including professional services and travel are split based upon the review of the underlying nature of the expense.

The following table provides both functional and natural classifications for the year ending December 31, 2025:

	Program Services	Management And General	Total Expenses
Salaries	\$ 69,336,722	\$ 6,677,672	\$ 76,014,394
Temporary personnel	770,879	—	770,879
Employee benefits and development	20,487,005	2,095,004	22,582,009
Professional services	22,810,322	2,156,205	24,966,527
Computer services	9,003,476	789,380	9,792,856
Travel	5,396,613	200,510	5,597,123
Occupancy and rental	4,318,052	544,133	4,862,185
Software license fees	10,409,371	1,892,613	12,301,984
Depreciation and amortization	3,844,014	2,654,996	6,499,010
Insurance	541,610	—	541,610
Supplies and printing	583,423	1,322,429	1,905,852
National and major meetings	5,684,605	3,730	5,688,335
Education and training	105,502	—	105,502
Grant and zone	2,088,018	—	2,088,018
Other expenses	969,992	308,484	1,278,476
	\$ 156,349,604	\$ 18,645,156	\$ 174,994,760

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Notes To Financial Statements *(Continued)*

The following table provides both functional and natural classifications for the year ending December 31, 2024:

	Program Services	Management And General	Total Expenses
Salaries	\$ 63,297,629	\$ 8,478,676	\$ 71,776,305
Temporary personnel	677,809	49,954	727,763
Employee benefits and development	17,143,153	2,433,172	19,576,325
Professional services	16,462,511	3,910,451	20,372,962
Computer services	8,664,580	131,977	8,796,557
Travel	5,644,572	278,640	5,923,212
Occupancy and rental	4,146,981	549,254	4,696,235
Software license fees	9,748,577	1,090,401	10,838,978
Depreciation and amortization	3,614,505	390,482	4,004,987
Insurance	513,651	—	513,651
Supplies and printing	565,465	1,280,610	1,846,075
National and major meetings	6,336,865	205,965	6,542,830
Education and training	90,855	—	90,855
Grant and zone	2,390,961	—	2,390,961
Other expenses	903,352	258,569	1,161,921
	\$ 140,201,466	\$ 19,058,151	\$ 159,259,617



WWW.NAIC.ORG

The logo for the National Association of Insurance Commissioners (NAIIC) is displayed in white. It consists of the letters 'NAIIC' in a bold, sans-serif font, followed by a stylized 'C' that is formed by two overlapping, curved lines. A registered trademark symbol (®) is located to the upper right of the 'C'.

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NATIONAL ASSOCIATION OF
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