

Draft date: 10/28/25

Virtual Meeting

FINANCIAL CONDITION (E) COMMITTEE

Wednesday, November 5, 2025

2:00 – 3:00 p.m. ET / 1:00 – 2:00 p.m. CT / 12:00 – 1:00 p.m. MT / 11:00 a.m. – 12:00 p.m. PT

ROLL CALL

Nathan Houdek, Chair	Wisconsin	Vicki Schmidt	Kansas
Justin Zimmerman, Co-Vice Chair	New Jersey	Michael T. Caljouw	Massachusetts
Michael Wise, Co-Vice Chair	South Carolina	Mike Chaney	Mississippi
Mark Fowler	Alabama	Kaitlin Asrow	New York
Michael Conway	Colorado	Judith L. French	Ohio
Michael Yaworsky	Florida	Cassie Brown	Texas
Holly W. Lambert	Indiana	Scott A. White	Virginia
Doug Ommen	Iowa		

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

AGENDA

1. Consider Comments on 2026 Proposed Charges—*Commissioner Nathan Houdek (WI)*
 - American Council of Life Insurers (ACLI) Attachment A
 - American Property Casualty Insurance Association (APCIA) Attachment B
 - Reciprocal Management Corporation (RMC) Attachment C
2. Consider Adoption of 2026 Proposed Charges—*Commissioner Nathan Houdek (WI)* Attachment D
3. Discuss Any Other Matters Brought Before the Committee
— *Commissioner Nathan Houdek (WI)*
3. Adjournment

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September 29, 2025

Nathan Houdek

Chair, NAIC Financial Condition (E) Committee

Re: (E) Committee's 2026 Proposed Charges

Dear Chair Houdek:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on the NAIC Financial Condition (E) Committee's proposed 2026 charges.

We are generally supportive of the Committee's charges for the upcoming year and although we do not have any specific edits to provide on the exposure document, ACLI would recommend greater regulatory transparency with regard to the regulatory-only meetings where merited.

As we stated similarly in our July 21, 2025, comments on the VOSTF reorganization, ACLI recognizes the need for (E) Committee and the groups under its jurisdiction to have regulator-to-regulator and non-public meetings especially in cases where they will be looking at individual company data and information that is otherwise confidential. We also understand that several of these typically regulator-only groups are not policy-setting bodies and will likely refer emerging thematic issues or trends to other NAIC working groups or task forces. To make these meetings

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 93 percent of industry assets in the United States.

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and processes as effective as possible for all stakeholders involved, some level of public transparency related to these issues is warranted. Since these emerging issues and themes are often complex and at the forefront of market trends that relate to industry more broadly, there may be times when the publishing of post-meeting information could be beneficial. This would especially be of value for any significant initiatives that are referred to other groups, so that such referrals are as informative and comprehensive as possible.

Therefore, when appropriate, and without sharing any company-specific or otherwise confidential information, the (E) Committee should consider putting within their charges explicit notice of which groups and functions typically require meeting in this fashion while also stating that notices and summaries will be provided following such calls in accordance with the NAIC Open Meetings policy.

Thank you once again for the opportunity to provide this feedback and we look forward to additional discussion soon.

Sincerely,



Colin Masterson

cc: Dan Daveline, NAIC

October 2, 2025

VIA ELECTRONIC SUBMISSION

Dan Daveline
NAIC
ddaveline@naic.org

RE: Draft 2026 charges for the Financial Condition (E) Committee

Dear Mr. Daveline:

The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to comment on the proposed preliminary draft 2026 charges for the Financial Condition (E) Committee. APCIA is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members include companies of all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

Generally, APCIA believes the draft charges for E Committee are appropriate. Our only concern is with part of the wording in the charge for the Reciprocal Exchanges (E) Working Group.

The proposed charge is as follows:

Modify the NAIC Insurance Holding Company System Regulatory Act (Model #440) and/or the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450) to clarify that regardless of definitions of control and affiliation, fees charged by insurers from the attorney in fact are subject to fair and reasonable standards and subject to approval by the Commissioner and under no circumstances should they exceed the cost of such services plus a modest profit.

APCIA agrees with the charge to clarify in Model #440 and #450 as well as that the fees charged by the attorney in fact are subject to the fair and reasonable standards. APCIA believes that these types of agreements are currently subject to approval by the Commissioner based on the current language in the model act. However, APCIA is mainly concerned with the additional language “under no circumstances should they exceed the cost of such services plus a modest profit”. The phrase could be considered to modify the fair and reasonable standard since, “modest profit”, is ambiguous and could lead to different interpretations by Commissioners. The fair and reasonable standard and the current guidance allows for both cost of services and current market value of services which is appropriate. The inclusion of this language could create an uneven playing field between insurers whereby an attorney in fact agreement could be rejected by a Commissioner when the fees are in line with the current market value. No such “modest profit” standard applies to the agreements applicable to insurers in an insurance holding company system who are not organized as reciprocal insurers.

We also suggest broadening the language to include all transactions regarding service agreements between attorney in fact and the reciprocal exchanges and eliminate “subject to approval by the

Commissioner” since the power already exists. Here is the proposed amended charge with highlighted additions and marked strikeouts:

Modify the NAIC *Insurance Holding Company System Regulatory Act* (Model #440) and/or the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450) to clarify that regardless of definitions of control and affiliation, transactions regarding **service agreements** between fees charged by insurers from the attorney in fact and the subscribers or policyholders of the **reciprocal insurance exchange** are subject to agreements between the parties and to fair and reasonable standards and ~~subject to approval by the Commissioner and under no circumstances should they exceed the cost of such services plus a modest profit.~~

APCIA recognizes that these agreements are not all structured the same and that it might be difficult to determine the appropriate cost allocations and the associated current market prices for these types of services. If this is an area of concern for regulators, it may be beneficial to add a charge to develop guidance for regulators on how to interpret the fair and reasonable standard as well as current market value in this context.

Should you have any questions, please do not hesitate to contact the undersigned, Jay Muska, at jay.muska@apci.org. Thank you for your consideration.

Sincerely,



John (Jay) Muska, CFA, CPA
Vice President of Accounting and Financial Issues
American Property and Casualty Insurance Association

cc: D. Keith Bell
Chair, APCIA Financial Management and Risk Committee



**RECIPROCAL ATTORNEY-IN-FACT, INC.
(RAF)**

October 2, 2025

Via E-Mail

Mr. Dan Daveline
National Association of Insurance Commissioners
ddaveline@naic.org

Re: Draft 2026 Charges for the Financial Condition Committee

Mr. Daveline:

As the Chief Executive Officer of both Reciprocal Management Corporation ("RMC"), the Attorney in Fact ("AIF") for Citizens United Reciprocal Exchange ("CURE"), and Reciprocal Attorney-In-Fact ("RAF"), the AIF for New Jersey Physicians United Reciprocal Exchange ("NJ PURE"), please accept this comment on the proposed preliminary draft 2026 charges for the Financial Condition (E) Committee. My concern rests primarily with the charge for the Reciprocal Exchanges (E) Working Group

As I understand it, the formation of the Reciprocal Exchanges (E) Working Group arose out of certain concerns raised in the Chief Financial Regulator Forum ("Forum") last fall, where participants discussed the increased formation of reciprocal exchanges and how to evaluate the "fairness and reasonableness" of the fees charged by the AIFs for those reciprocals. The Forum apparently felt that it might be difficult for an individual subscriber to evaluate the reasonableness of fees charged for the services provided, and the Forum also expressed concern that the AIFs may try to increase their fees by underpricing or accepting too much risk.

Respectfully, I believe the Forum's concerns were unwarranted, and that the proposed charge to the Reciprocal Exchanges (E) Working group is overbroad, unnecessary, and inapposite with the business model of reciprocal exchanges. First, the AIF fees are clearly stated in the respective Powers of Attorneys ("POAs") that are reviewed by the regulatory agencies and agreed to and signed by the individual subscriber. Second, the relationship between those individual subscribers and the AIFs are not related party transactions that require heightened scrutiny. Third, the business model of reciprocals is the exact opposite of that contemplated by the Forum. AIFs are incentivized to grow their reciprocals organically, not by engaging in schemes related to pricing or risk.

Finally, I understand that APCIA is also submitting a comment letter regarding the proposed charge to the Reciprocal Exchanges (E) Working Group. RMC and RAF largely agree with APCIA's statements that not all relationships between reciprocal exchanges and AIFs are structured in the same manner, and that regulatory review, if required by applicable law, should be limited to transactions involving service agreements between a reciprocal and its AIF.

I respectfully request that the Financial Condition (E) Committee consider these comments, which are set forth in more detail below, when determining the necessity and scope of the charge to the Reciprocal Exchanges (E) Working Group.

A. AIF FEES ARE CLEARLY STATED.

As a prerequisite for an individual to obtain insurance from a reciprocal, the subscriber must execute an unrelated party contract with the AIF—the POA—that segregates the AIF from the not-for-profit reciprocal exchange. The subscriber's rights and obligations are: a) statutorily prescribed; and b) clearly set forth in the POA, a form which is filed with the respective Department of Insurance and which must be approved as a precondition to forming an exchange in every state. If a regulator believes AIF Fees are not fair and reasonable during that thorough review process, they have the ability to take appropriate actions prior to licensing. A potential subscriber can easily compare the premium paid to the reciprocal and AIF Fee paid to the AIF, which is just a percentage of that premium, with the fees and premiums charged by insurance companies.

The AIF cannot unilaterally change the POA fees. If it changes the POA, each subscriber has the opportunity to decide whether or not to continue coverage. Moreover, with respect to each exchange, the respective regulatory agency is well-aware of the amount of the AIF Fee, given that it is and always has been clearly set forth in the POA. There is nothing unclear or secretive about the process.

It is also imperative to note that, from a macro perspective, if the AIF Fee is too high, a potential subscriber can simply choose another insurer. This is because an increase in the AIF Fee, which is an expense, will artificially inflate premiums so that an adequate portion is retained by the insurer. If premiums rise, the market will dictate that consumers look elsewhere. This reality underscores why regulatory scrutiny of AIF fees is unwarranted. Premiums in the market are already subject to competitive pressures, and consumers exercise their freedom to shop for coverage as they do with other financial products. Insurance is among the most frequently compared and shopped-for products in the United States. To disregard the free-market mechanism in favor of imposing oversight only on reciprocals, while exempting stock and mutual companies, is both unfounded and difficult to justify.

B. PAYMENT OF THE AIF FEES PURSUANT TO THE POA IS NOT A RELATED PARTY TRANSACTION.

As you know, Statement of Statutory Accounting Principal (“SSAP”) No. 25 governs accounting and disclosures for transactions between affiliates and related parties, which it defines as “entities that have common interest as a result of ownership, control, affiliation or by contract.” SSAP No. 25(4). Per SSAP No. 25, an AIF for a reciprocal exchange is considered a related party to the Exchange,¹ and transactions between the Exchange itself and the AIF may be subject to SSAP No. 25. Thus, it is appropriate to review those fees to determine if they are fair or reasonable.

However, payment of the AIF Fee by the subscriber does not involve any transaction between the AIF and the Exchange itself. Only the subscriber and the AIF are parties to the POA; the Exchange is not a party to the agreement. The individual subscriber, not the Exchange, pays the AIF Fee to the AIF after signing the POA. In some situations, the Exchange simply collects and forwards the AIF Fee to the AIF; effectively acting as a passthrough clearinghouse. Regardless, the individual subscriber and the AIF remain independent.

Thus, the payment of the AIF Fee involves a transaction between the AIF and the individual subscribers—consumers looking for insurance coverage—who wish to obtain insurance through the Exchange. This is an arm’s length transaction between two willing and unaffiliated entities. The AIF does not control the individual subscriber’s decision to accept the terms, which are set forth in the POA. The subscriber decides if the fee is reasonable. No heightened scrutiny by regulators is needed.

This is key because such unilateral control is a fundamental trait of a related party transaction. See, e.g., SSAP No. 25, 4 (referring to common control, ownership or affiliation); Schering-Plough Corp. v. United States, 651 F. Supp.2d 291, 244-45 (D.N.J. 2001) (noting for tax purposes that parties are not acting at arm’s length where one had the ability to control the other); Altor, Inc. v. Sec. of Labor, 498 Fed. Appx. 145, 148-49 (3d Cir. 2012) (noting that common operation, management and control refuted arm’s length transactions). See Delaney v. Dickey, 244 N.J. 460, 488 (2020) (noting that in an arm’s length transaction both parties are “free to negotiate mutually acceptable contractual terms pursuant to their individual best interests”).

If the AIF controlled the Exchange and the terms to which each policyholder agreed, it could unilaterally alter the fees/other terms and simply impose a new POA on the Exchange. It cannot. Instead, the AIF would need to amend the form of the POA, submit it to the appropriate regulator, and obtain the individual subscribers’

¹ A given reciprocal’s collective group of subscribers is referred to as the “Exchange.”

signatures. In other words, the individual subscriber is not and cannot be compelled to participate or commit to the new POA. Thus, the subscriber's payment of the AIF Fee bears none of the characteristics of transactions between related entities that are subject to SSAP No. 25.

Here, the POA—by virtue of both the voluntary execution by each individual subscriber and its transparent terms, including the management fee—requires the mutual assent of two unrelated and uncontrolled parties. The subscriber and the AIF are both “willing parties” that are not under the compulsion to buy or sell and are willing to participate in the contract. That is the definition of an arm's length transaction. SSAP No. 25(13).

In summary, while the Exchange is a related party to the AIF, the POA is not an agreement in which the AIF binds the Exchange. It is a contract between the unrelated subscribers who voluntarily apply, pay and join the Exchange, entered into for the purpose of compensating the unrelated AIF to manage their risk *after* they enter the Exchange. This is simply *not* a related party transaction, where one party binds or controls both ends of a contract. Unrelated subscribers *always have* the free choice to find another insurance policy and are not controlled by the AIF to pay for the fully disclosed fees. If AIFs do a poor job and their AIF fees are too high, premiums become too high, and the open market dictates that such inefficiencies would lead subscriber policyholders to buy insurance elsewhere. The natural “checks and balances” of an arm's length transaction exist when there are bona fide, unrelated parties agreeing to contract.

C. THERE IS NO POTENTIAL TO INCREASE FEES BY DECREASING PRICES OR INCREASING RISK.

The Forum also expressed concern that an AIF may try to increase its fees by underpricing or accepting too much risk. This is unwarranted.

Reciprocal Exchanges cannot have outside stockholders who, in turn, can be enticed to profit from policyholders, because reciprocals are not-for-profit, and they generate additional capital organically from their insureds. In summary, a reciprocal Exchange operation is a fundamental self-help form of insurance, where a management company manages the operations of the Exchange on behalf of the unsophisticated policyholders who simply want a lower cost insurance policy to cover their risk.

As a result, the standalone financial solvency requirements for reciprocal Exchanges are more stringent than those required of traditional stock companies (i.e., liquidity ratio requirements for certain capital levels to be maintained above the standards required of other insurance entities). For example, New Jersey's Reciprocal Exchange Act contains intentionally arduous and demanding standards

to ensure the financial health of the reciprocal and its subscribers. In addition to general solvency requirements, it subjects reciprocal Exchanges to a “liquidity test,” which requires them to maintain a prescribed level of cash and investments compared to certain liabilities at all times. Any decrease below that level automatically requires the attorney-in-fact to contribute its own funds to make up the deficit, to avoid the immediate liquidation of the reciprocal. N.J.S.A. 17:50-5. No similar requirements exist for other insurance entities.

Thus, no incentive exists for the AIF to increase its fee revenue by underpricing or accepting too much risk. If the Exchange is not financially stable, the AIF must commit funds to stabilize it. Therefore, the AIF's financial incentive is simply to make the Exchange grow so the AIF can make profits. The only way to grow an Exchange is to provide better service or better rates than the competition. Both of these motives align with what a policyholder wants—better service and better rates. In this regard, the market serves as an important safeguard for Exchanges and their AIFs. An AIF that underprices or accepts too much risk will eventually be forced to raise rates to pay claims as they come due. If those rates are no longer favorable to the consumer, they will simply buy another insurance product. No person is “held hostage” by the AIF’s actions. Indeed, AIFs act as a fiduciary for both the Exchange and individual subscribers, meaning that AIFs have a legal duty to act in the best interest of subscribers and the Exchange as a whole. Exchanges are examined by regulators frequently and all fees, costs, and expenses are accounted for and fully known. Again, there is nothing unclear or secretive about the process. In contrast, in a traditional stock company, the executives of the company are primarily focused on one item for their compensation—namely profits. The desire to make profits from their policyholders does not always align with the desires of the policyholders, which is why reciprocal Exchanges are considered the most altruistic forms of insurance. Thus, the Forum’s concern about the motivation of the AIFs is unwarranted.

Despite the above, I am aware of significant concerns from AIFs and others in the regulated community that regulators—and now the NAIC—are aggressively pursuing AIFs over the alleged “fairness and reasonableness” of AIF fees under the guise of SSAP No. 25. By transforming SSAP No. 25 – a mere accounting reporting guideline for how each insurer must report “related party transactions” in a uniform manner – into a governing statute, regulators are not simply making a minor change to their regulatory powers. On the contrary, they are using SSAP No. 25 to create a new mandate requiring all AIF fees must be at reasonable and market rates. In other words, regulators are asserting they have a new unilateral right to determine what is “reasonable or market rate” for AIFs to charge for their fees regardless of the stated and explicitly agreed upon rate in the POA, which is freely entered into between unrelated subscribers and the AIF on an arms’ length basis. These actions are not founded in statute, and interfere with AIFs’ ability to contract with subscribers, in potential violation of federal and state laws. More importantly, regulators have sought to determine the “reasonable or market rate” for AIF fees AFTER the fiscal

year is finalized, and have asserted the power to force an AIF to return AIF fees to the Exchange—threatening all profits of the AIF in a post-year of service environment. I believe such actions are unlawful and potentially violate the U.S. Constitution by, among other things, undoing a binding contract entered into between two unrelated parties and interfering with the rights of citizens to freely contract. As the NAIC is aware, regulators do not have the same authority to “claw back” the profits of stock insurance companies, yet have asserted this drastic expansion of authority over reciprocals and their AIFs. The appropriate implementation of SSAP No. 25 in this regard, as an *accounting reporting guideline*, would be to recategorize the reporting of a “related party transaction,” not to demand the return of funds.

In conclusion, I appreciate the Financial Condition (E) Committee’s consideration of RMC’s and RAF’s position on these issues as it determines the necessity and scope of the charge to the Reciprocal Exchanges (E) Working Group.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Eric S. Poe". The signature is fluid and cursive, with the first name "Eric" being more prominent.

Eric S. Poe, Esq., CPA
Chief Executive Officer
Reciprocal Management Corp.
Reciprocal Attorney-In-Fact

Adopted by the Executive (EX) Committee and Plenary, Dec. ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

2026 Charges

FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; valuation of securities; financial analysis and solvency; multistate examinations and examiner and analysis training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Financial Condition (E) Committee** will:
 - A. Monitor all of the changes to the annual/quarterly financial statement blanks and instructions, risk-based capital (RBC) formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual* (AP&P Manual), *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), NAIC model laws, NAIC accreditation standards, and other NAIC publications.
 - B. Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Financial Stability (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; ~~RRG Group (E) Task Force~~ and ~~Valuation of Securities (E) Task Force~~ Invested Assets (E) Task Force.
 - C. Oversee the implementation of the NAIC's "Framework for Regulation of Insurer Investments – A Holistic Review," ensuring that updates or reviews of the Risk-Based Capital (RBC) framework align with the Framework's principles and take into consideration insurers evolving role of the insurance sector in financing the economy and reducing the protection gap.
 - D. Oversee a process to address financial issues that may compromise the consistency and uniformity of the U.S. solvency framework, referring valuation and other issues to the appropriate committees as needed.
 - E. Use the Risk-Focused Surveillance (E) Working Group to address specific industry concerns regarding regulatory redundancy, and review any issues that industry subsequently escalates to the Committee.
2. The **Financial Analysis (E) Working Group** will:
 - A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
 - B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods, and action(s).
 - C. Support, encourage, promote, and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends.
 - D. Increase information-sharing and coordination between state insurance regulators and federal authorities, including through representation of state insurance regulators in national bodies with responsibilities for system-wide oversight.
3. The **Group Capital Calculation (E) Working Group** will:
 - A. Continually review and monitor the effectiveness of the group capital calculation (GCC), and consider revisions, as necessary, to maintain the effectiveness of its objective under the U.S. solvency system.
 - B. Liaise, as necessary, with the International Insurance Relations (G) Committee on international group capital developments, and consider input from participation of U.S. state insurance regulators in the International Association of Insurance Supervisors (IAIS) monitoring process.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

4. The **Group Solvency Issues (E) Working Group** will:
 - A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group solvency-related issues.
 - B. Critically review and provide input and drafting on IAIS material dealing with group supervision issues and identify best practices in group supervision emerging from the IAIS Supervisory Forum.
 - C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450), and consider revisions, as necessary, to maintain effective oversight of insurance groups.

5. The **Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
 - A. Continue to provide and enhance an enterprise risk management (ERM) education program for state insurance regulators in support of the ORSA implementation.
 - B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual); consider revisions as necessary.

6. The **Mutual Recognition of Jurisdictions (E) Working Group** will:
 - A. Oversee the process for evaluating jurisdictions, and maintain a listing of jurisdictions that meet the NAIC requirements for recognizing and accepting the NAIC GCC.
 - B. Maintain the *NAIC List of Qualified Jurisdictions* and the *NAIC List of Reciprocal Jurisdictions* in accordance with the *Process for Evaluating Qualified and Reciprocal Jurisdictions*.

7. The **NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group** will:
 - A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
 - B. Address financial solvency issues by working with the AICPA and responding to AICPA exposure drafts.
 - C. Monitor the federal Sarbanes-Oxley (SOX) Act of 2002, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), and other financial services regulatory entities.
 - D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

8. The **National Treatment and Coordination (E) Working Group** will:
- A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
 - B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
 - C. Continue to monitor the usage and make necessary enhancements to the Form A Database.
 - D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
 - E. Make necessary enhancements to promote electronic submission of all company licensing applications.

9. The **Reciprocal Exchanges (E) Working Group** will:

- A. *Modify the NAIC Insurance Holding Company System Regulatory Act (Model #440) and/or the Insurance Holding Company System Model Regulation with Reporting Forms and Instructions (#450) to clarify that regardless of definitions of control and affiliation, fees charged by insurers from the attorney in fact are subject to fair and reasonable standards and subject to approval by the Commissioner and under no circumstances should they exceed the cost of such services plus a modest profit.*

9-10. The **Restructuring Mechanisms (E) Working Group** will:

- A. Evaluate and prepare a white paper that:
 - i. Addresses the perceived need for restructuring statutes and the issues those statutes are designed to remedy. Also, consider alternatives that insurers are currently employing to achieve similar results.
 - ii. Summarizes the existing state restructuring statutes.
 - iii. Addresses the legal issues posed by an order of a court (or approval by an insurance department) in one state affecting the policyholders of other states.
 - iv. Considers the impact that a restructuring might have on guaranty associations and policyholders that had guaranty fund protection prior to the restructuring.
 - v. Identifies and addresses the legal issues associated with restructuring using a protected cell.
- B. Consider requesting approval from the Executive (EX) Committee on developing changes to specific NAIC models as a result of findings from the development of the white paper.
- C. Develop best practices to be used in considering the approval of proposed restructuring transactions, including, among other things, the expected level of reserves and capital expected after the transfer, along with the adequacy of long-term liquidity needs. Also, develop best practices to be used in monitoring the companies after the transaction is completed. Once completed, recommend to the Financial Regulation Standards and Accreditation (F) Committee for its consideration.
- D. Consider the need to make changes to the RBC formula to better assess the minimum surplus requirements for companies in runoff.
- E. Review the various restructuring mechanisms, and develop, if deemed needed, accounting and reporting requirements for referring to the Statutory Accounting Principles (E) Working Group.

10-11. The **Risk-Focused Surveillance (E) Working Group** will:

- A. Continually review the effectiveness of risk-focused surveillance, and develop enhancements to processes as necessary.
- B. Continually review regulatory redundancy issues identified by interested parties, and provide recommendations to other NAIC committee groups to address as needed.
- C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.
- D. Continually maintain and update standardized job descriptions/requirements and salary range recommendations for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.

FINANCIAL CONDITION (E) COMMITTEE *(Continued)*

~~11.12.~~ The **Risk Retention Group (E) Working Group** will:

- A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, and in open session when discussing public RRG topics and policy issues.
- ~~A.B.~~ Monitor and evaluate the work of other NAIC committees, task forces, and working groups that may affect the filing requirements or compliance of RRGs (e.g., actions that affect compliance with the NAIC Financial Regulation Standards and Accreditation Program).
- C. Provide a forum for discussion of current and emerging RRG issues and topics.
- D. Interact with domiciliary regulators and registered states to assist and advise on the most appropriate regulatory strategies, methods, and action(s).
- E. Support, encourage, and promote efforts to address solvency concerns, including identifying adverse industry trends.
- F. Review and analyze annual and quarterly financial results.
- G. Provide ongoing maintenance and enhancements to the *Risk Retention and Purchasing Group Handbook* and related resources.
- H. Develop best practice guides on licensing and registering RRGs.
- ~~I. Monitor and review any federal activities related to RRGs, including any U.S. Government Accountability Office (GAO) reports, and consider any necessary action including legislation related to the Liability Risk Retention Act of 1986 (LRRRA), and ensure all interested parties are informed.~~
- J. Monitor the resources available to domiciliary and non-domiciliary state insurance regulators of RRGs including educational programs or enhancements or the development of new resources.
- ~~B.K.~~ Develop or amend relevant NAIC model laws, regulations, and guidelines.

~~12.13.~~ The **Valuation Analysis (E) Working Group** will:

- A. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding principle-based reserves (PBR) and asset adequacy analysis, including actuarial guidelines or other requirements.
- B. Develop and implement a plan to coordinate PBR reviews/examinations for VM-20, VM-21, and VM-22.
- C. Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55), and coordinate with states as appropriate.
- ~~C.D.~~ Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), and coordinate with states as appropriate.
- ~~D.E.~~ Review, on a targeted basis, long-term care (LTC) reserve adequacy filings for *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51), and coordinate with states as appropriate.
- ~~E.F.~~ Provide a confidential forum to address questions/issues regarding PBR and asset adequacy analysis, as well as related reinsurance risk transfer issues, and make referrals, as appropriate, to other NAIC regulator groups.
- ~~F.G.~~ Refer questions/issues, as appropriate, to the Life Actuarial (A) Task Force that may require consideration of changes/interpretations to be provided in the *Valuation Manual* or related actuarial guidelines.
- ~~G.H.~~ Assist NAIC resources in the use of models and other analytical tools to support the review of PBR/asset adequacy analysis.
- ~~H.I.~~ Make referrals, as appropriate, to the Financial Analysis (E) Working Group.
- J. Coordinate with the Reinsurance (E) Task Force, the Invested Assets (E) Task Force, and other NAIC task forces and groups to address issues, as appropriate.
- ~~I.K.~~ Perform other work to carry out the Valuation Analysis (E) Working Group procedures.

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Accounting Practices and Procedures (E) Task Force, August 13, 2025

2026 Charges

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate, and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
 - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
 - A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
 - i. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in reporting of financial information by insurers.
 - ii. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
 - iii. Conform the various NAIC blanks and instructions to adopted NAIC policy.
 - iv. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
 - B. Continue to monitor state filing checklists to maintain current filing requirements.
 - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
 - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
 - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these taskforces.
 - F. Coordinate with the applicable task forces and working groups as needed to avoid duplication of reporting within the annual and quarterly statement blanks.
 - G. Consider proposals presented that would address duplication in reporting, eliminate data elements, financial schedules and disclosures that are no longer needed, and coordinate with other NAIC task forces and working groups if applicable, to ensure revised reporting still meets the needs of regulators.
 - H. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Capital Adequacy (E) Task Force and its working groups.
 - I. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(Continued)*

3. The **Statutory Accounting Principles (E) Working Group** will:
- A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new U.S. generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
 - B. At the discretion of the Working Group chair, develop comments on exposed U.S. GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
 - C. Coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
 - D. Obtain, analyze, and review information on permitted practices, prescribed practices, or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.

NAIC Support Staff: Robin Marcotte

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Capital Adequacy (E) Task Force, June 30, 2025

2026 Charges

CAPITAL ADEQUACY (E) TASK FORCE

The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Capital Adequacy (E) Task Force** will:

- A. Evaluate application of the Risk-Based Capital (RBC) formula and emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.
- B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).
- C. Evaluate relevant historical data, and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.
- C.D. Continually review the RBC instructions, blanks and forecasting and revise as appropriate.

2. The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group** will:

- A. Evaluate refinements to the existing NAIC RBC formulas implemented in the prior year. ~~Forward the final version of the structure of the current year life and fraternal, property/casualty (P/C), and health RBC formulas to the Financial Condition (E) Committee by June.~~
- B. Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than May 15 of the reporting year, and any proposal that affects a non-structural change to the RBC Blanks, ~~the~~ RBC factors and/or instructions must be adopted no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered by and adopted by July 30, where the Capital Adequacy (E) Task Force votes to pursue by two-thirds consent of members.
- C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* (AP&P Manual) to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
- D. Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.

CAPITAL ADEQUACY (E) TASK FORCE *(continued)*

3. The **Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Provide recommendations for the appropriate treatment of longevity risk transfers by the new longevity factors.
4. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Monitor the impact of the changes to the variable annuities reserve framework and RBC calculation, and determine if additional revisions need to be made.
 - B. Develop and recommend appropriate changes, including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.
5. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
 - A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
 - B. Continue to update the U.S. and non-U.S. catastrophe event list.
 - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
 - D. Evaluate the RBC results inclusive of a catastrophe risk charge.
 - E. Refine instructions for the catastrophe risk charge.
 - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
 - G. Evaluate other catastrophe risks for possible inclusion in the charge.
6. The **Risk-Based Capital Investment Risk and Evaluation (E) Working Group** will:
 - A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:
 1. Evaluating relevant historical data and applying defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to current asset risk structure and factors (e.g. C-1o and C1-cs).
 2. Facilitating coordination and alignment among NAIC committees/task forces/working groups related to its work in reviewing current asset risk framework.
 3. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.
 1. ~~Identifying and acknowledging uses that extend beyond the purpose of the Risk-Based Capital (RBC) for Insurers Model Act (#312).~~
 2. ~~Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.~~
 3. ~~Documenting the modifications made over time to the formulas, including, but not limited to, an analysis of the costs in study and development, implementation (internal and external), assimilation, verification, analysis, and review of the desired change to the RBC formulas and facilitating the appropriate allocation of resources.~~
7. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
 - A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
 - B. Review material economic scenario generator updates, either driven by periodic model maintenance or changes to the economic environment and provide recommendations.
 - C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant economic scenario generator updates and maintain a public timeline for economic scenario generator updates.

- D. Support the implementation of an economic scenario generator for use in statutory reserve and capital calculations.
- E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.

NAIC Support Staff: Eva Yeung

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Examination Oversight (E) Task Force, September 29, 2025

2026 Charges

EXAMINATION OVERSIGHT (E) TASK FORCE

The mission of the Examination Oversight (E) Task Force is to monitor, develop, and implement tools for the risk-focused surveillance process. For financial examinations and analysis, this includes maintenance of the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* to provide guidance to examiners and analysts using a risk-focused approach to solvency regulation and to encourage effective communication and coordination between examiners, analysts, and other regulators. In addition, the mission of the Task Force is to: monitor and refine regulatory tools of the risk-focused surveillance process, including Financial Analysis Solvency Tools (FAST) such as company profiles and the FAST ratio scoring system; oversee financial examiner and analyst use of electronic software tools; monitor the progress of coordination efforts among the states in conducting examinations and the sharing of information necessary to solvency monitoring; establish procedures for the flow of information between the states about troubled companies; maintain an effective approach to the review of information technology (IT) general controls; and monitor the timeliness of financial examinations.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Examination Oversight (E) Task Force** will:
 - A. Accomplish its mission using the following groups:
 - i. Electronic Workpaper (E) Working Group.
 - ii. Financial Analysis Solvency Tools (E) Working Group.
 - iii. Financial Examiners Coordination (E) Working Group.
 - iv. Financial Examiners Handbook (E) Technical Group.
 - v. Information Technology (IT) Examination (E) Working Group.
2. The **Electronic Workpaper (E) Working Group** will:
 - A. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct and document solvency monitoring activities.
 - ~~B. Provide ongoing oversight to the transition of electronic workpaper work to the TeamMate+ application.~~
 - ~~C. B.~~ Monitor state insurance regulator use of TeamMate+ to proactively identify best practices and improvements to the application, as necessary.
3. The **Financial Analysis Solvency Tools (E) Working Group** will:
 - A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks, for input from other regulators, and for the work of, or referrals from, other NAIC committees, task forces, and working groups to develop enhancements to risk-focused analysis and monitoring of the financial condition of insurance companies and groups.
 - B. Provide ongoing development maintenance and enhancements to the automated financial solvency tools developed to assist in conducting risk-focused analysis and monitoring the financial condition of insurance companies and groups. Prioritize and perform analysis to ensure that the tools remain reliable and accurate.

EXAMINATION OVERSIGHT (E) TASK FORCE *(Continued)*

- C. Coordinate with the Financial Examiners Handbook (E) Technical Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
4. The **Financial Examiners Coordination (E) Working Group** will:
- A. Develop enhancements that encourage the coordination of examination activities regarding holding company groups.
 - B. Promote coordination by assisting and advising domiciliary regulators and exam coordinating states as to what might be the most appropriate regulatory strategies, methods, and actions regarding financial examinations of holding company groups.
 - C. Facilitate communication among regulators regarding common practices and issues arising from coordinating examination efforts.
 - D. Provide ongoing maintenance and enhancements to the Financial Examination Electronic Tracking System (FEETS).
5. The **Financial Examiners Handbook (E) Technical Group** will:
- A. Continually review the *Financial Condition Examiners Handbook* and revise, as appropriate.
 - B. Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the risk- assessment process by developing additional guidance and exhibits within the *Financial Condition Examiners Handbook*, including consideration of potential redundancies affected by the examination process, corporate governance, and other guidance as needed to assist examiners in completing financial condition examinations.
 - C. Coordinate with the Financial Analysis Solvency Tools (E) Working Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.
 - D. Coordinate with the IT Examination (E) Working Group and the Financial Examiners Coordination (E) Working Group to maintain specialized areas of guidance within the *Financial Condition Examiners Handbook* related to the charges of these specific working groups.
6. The **Information Technology (IT) Examination (E) Working Group** will:
- A. Continually review, develop, and revise guidance in the *Financial Condition Examiners Handbook* and other related tools, as needed, to address information technology risks.
 - B. Coordinate with the Cybersecurity (H) Working Group to monitor cybersecurity trends, including emerging and/or ongoing vulnerabilities, and develop guidance within the *Financial Condition Examiners Handbook* or other tools, if deemed necessary, to support IT examiners.

NAIC Support Staff: Bailey Henning

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Financial Stability (E) Task Force, October 17, 2025

2026 Charges

FINANCIAL STABILITY (E) TASK FORCE

The mission of the Financial Stability (E) Task Force is to consider issues concerning domestic or global financial stability as they pertain to the role of state insurance regulators.

Ongoing Support of NAIC Program, Products, or Services

1. The **Financial Stability (E) Task Force** will:
 - A. Manage the macroprudential supervisory component of the NAIC financial solvency framework.
 - i. Monitor the U.S. insurance industry's macroprudential risk levels.
 - ii. Maintain macroprudential regulatory tools.
 - iii. Identify data gaps and enhanced disclosure needs for the statutory financial statement and/or other reporting mechanisms.
 - iv. Propose enhancements and/or additional supervisory measures to the Financial Condition (E) Committee or other relevant committees, and consult with such committees on implementation.
 - B. Monitor U.S. macroprudential policy issues, and respond as appropriate.
 - i. Support and work with the state insurance regulator representative to the Financial Stability Oversight Council (FSOC) to address confidential FSOC or other federal agency macroprudential work.
 - ii. Participate in public FSOC or other federal agency macroprudential work.
 - C. Monitor international macroprudential policy issues, and participate/respond as appropriate.
 - i. Coordinate with the International Insurance Relations (G) Committee to address International Association of Insurance Supervisors (IAIS) or other international macroprudential work.
2. The **Macroprudential (E) Working Group** will:
 - A. Oversee the implementation and maintenance of the Liquidity Stress Testing Framework (LST Framework).
 - B. Monitor domestic and global activities including those enumerated in the "Plan for the List of Macroprudential Working Group (MWG) Considerations document.
 - C. Execute the original Macroprudential Initiative (MPI) projects related to counterparty disclosures and capital stress testing.
 - D. Continue to develop and administer data collection tools as needed, leveraging existing data where feasible, to provide the Financial Stability (E) Task Force with meaningful macroprudential information regarding how the insurance sector is navigating the prevailing market conditions.
 - E. Oversee the development, implementation, and maintenance process for a new Macroprudential Risk Assessment system (i.e., policies, procedures, and tools) to enhance regulators' ability to monitor industry trends from a macroprudential perspective.
 - F. Oversee the documentation of the NAIC's macroprudential policies, procedures, and tools.
 - G. Provide the Task Force with updates to IAIS and other international initiatives as needed.

NAIC Support Staff: Tim Nauheimer

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Receivership and Insolvency (E) Task Force, July 30, 2025

2026 Charges

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force is to be administrative and substantive as it relates to issues concerning insurer insolvencies and insolvency guarantees. Such duties include, without limitation: 1) monitoring the effectiveness and performance of the state administration of receiverships and the state guaranty fund system; 2) coordinating cooperation and communication among state insurance regulators, receivers, and guaranty funds; 3) monitoring ongoing receiverships and reporting on such receiverships to NAIC members; 4) developing and providing educational and training programs in the area of insurer insolvencies and insolvency guarantees to state insurance regulators, professionals, and consumers; 5) developing and monitoring relevant model laws, guidelines, and products; and 6) providing resources for state insurance regulators and professionals to promote efficient operations of receiverships and guaranty funds.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Receivership and Insolvency (E) Task Force** will:
 - A. Monitor and promote efficient operations of insurance receiverships and guaranty associations.
 - B. Monitor and promote state adoption of insurance receivership and guaranty association model acts and regulations, and monitor other legislation related to insurance receiverships and guaranty associations.
 - C. Provide input and comments to the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), and other related groups on issues regarding international resolution authority.
 - D. Monitor, review, and provide input on federal rulemaking and studies related to insurance receiverships.
 - E. Provide an ongoing review of the *Receiver's Handbook for Insurance Company Insolvencies* (Receiver's Handbook), other related NAIC publications, and the Global Receivership Information Database (GRID), and make any necessary updates.
 - F. Monitor the work of other NAIC committees, task forces, and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
 - G. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referrals by other groups.
2. The **Receivership Financial Analysis (E) Working Group** will:
 - A. Monitor receiverships involving nationally significant insurers/groups to support, encourage, promote, and coordinate multistate efforts in addressing problems.
 - B. Interact with the Financial Analysis (E) Working Group, domiciliary regulators, and lead states to assist and advise on the most appropriate regulatory strategies, methods, and/or action(s) regarding potential or pending receiverships.
3. The **Receivership Law (E) Working Group** will:
 - A. Review and provide recommendations on any issues identified that may affect states' receivership and guaranty association laws (e.g., any issues that arise as a result of market conditions; insurer insolvencies; federal rulemaking and studies; international resolution initiatives; or the work performed by or referred from other NAIC committees, task forces, and/or working groups).
 - B. Discuss significant cases that may affect the administration of receiverships.

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE *(Continued)*

NAIC Support Staff: Jane Koenigsman

Adopted by the Executive (EX) Committee and Plenary, ?, 2025

Adopted by the Financial Condition (E) Committee, ?, 2025

Adopted by the Reinsurance (E) Task Force, August 11, 2025

2026 Charges

REINSURANCE (E) TASK FORCE

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically, the International Insurance Relations (G) Committee.

Ongoing Support of NAIC Programs, Products, or Services

1. The **Reinsurance (E) Task Force** will:
 - A. Provide a forum for the consideration of reinsurance-related issues of public policy.
 - B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
 - C. Coordinate with the Mutual Recognition of Jurisdictions (E) Working Group on matters regarding reinsurance.
 - D. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
 - E. Monitor reinsurance-related activities of other task forces and working groups at the NAIC.
 - F. Consider any other issues related to Model #785, Model #786, and Model #787.
 - G. Monitor the development of international principles, standards, and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup, and the Reinsurance Transparency Group.
 - H. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act (NRRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
 - I. Continue to monitor the impact of reinsurance-related international agreements, including the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement).
2. The **Reinsurance Financial Analysis (E) Working Group** will:
 - A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified or Reciprocal Jurisdiction Reinsurers.
 - B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. Such a process with respect to the review of applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
 - C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities, or individuals.
 - D. Support, encourage, promote, and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified or reciprocal jurisdiction reinsurers.

REINSURANCE (E) TASK FORCE *(Continued)*

- E. Provide analytical expertise and support to the states with respect to certified reinsurers, reciprocal jurisdiction reinsurers, and applicants.
- F. Provide advisory support with respect to issues related to the determination of qualified jurisdictions.
- G. Ensure the public passporting website remains current.

NAIC Support Staff: Jake Stultz/Dan Schelp

Adopted by the Executive (EX) Committee and Plenary, August 13, 2025

Adopted by the Financial Condition (E) Committee, July 28, 2025

2026 Proposed Charges

INVESTED ASSETS (E) TASK FORCE

The mission of the Invested Assets (E) Task Force is to provide regulatory leadership and expertise to establish and maintain all aspects of the NAIC's analysis of insurer invested assets. This includes Overseeing the work of the Investment Analysis (E) Working Group, the Investment Designation Analysis (E) Working Group, and the Credit Rating Providers (E) Working Group. Provide a forum for education from various parties to regulators on investment products, their performance, and the financial risks for regulatory policy purposes, as well as how regulators may address such risks. Understand new or evolving investment products that may possess characteristics that pose unique risks to insurers and the industry and coordinate with different NAIC groups of the Financial Condition (E) Committee or other NAIC groups, if necessary, to develop, implement, or advise on investment-related solvency policy changes (e.g., accounting, risk-based capital [RBC], etc.) or procedures within their analysis and examination of insurers subject to such risks.

Ongoing Support of NAIC Programs, Products or Services

1. The **Investment Analysis (E) Working Group (INVAWG)** will:
 - A. Monitor the risks associated with all types of invested assets, including collateral loans, mortgage loans, real estate, and Schedule BA investments.
 - B. Analyze the details of new or evolving investment products or new investment characteristics that could pose unique risks to insurers and provide recommendations to the Task Force on investment-related solvency policy changes to be made in conjunction with other NAIC groups of the Financial Condition (E) Committee.
 - C. Analyze insurers and groups that hold new, evolving, or riskier investments and advise the state of domicile on applicable risks, either directly or through coordination with the Financial Analysis (E) Working Group or Valuation Analysis (E) Working Group. Where applicable, utilize NAIC staff from the Securities Valuation Office and Structured Securities Group and Capital Markets Bureau to assist the Working Group with these deliverables.
 - D. Oversee a revised portfolio analysis product from NAIC staff, the CMB Research agenda, and analytical investment reports produced by NAIC for the public.
 - E. Oversee the NAIC's implementation of revised systems designed to improve the availability of various investment data points from existing NAIC databases while also identifying and providing NAIC staff who support this group with at least one investment software package that facilitates portfolio analysis and portfolio modeling.
 - F. Monitor information technology and data resource needs to ensure data can be retrieved efficiently and effectively.
 - G. Develop best practice examples of supervisory plans that monitor complex investments where the company and the regulator oversee company-designed risk dashboards on their riskier investment areas/or risk mitigation tracking.
2. The **Investment Designation Analysis (E) Working Group (IDAWG)** will:
 - A. Review and monitor the operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objectives.
 - B. Maintain and revise *the Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide solutions for investment-related regulatory issues for existing or anticipated investments.

- C. Monitor changes in accounting and reporting requirements resulting from the continuing maintenance of the *Accounting Practices and Procedures Manual* (AP&P Manual), as well as financial statement blanks and instructions, to ensure that the P&P Manual reflects regulatory needs and objectives.
 - D. Provide effective direction to the NAIC's mortgage-backed securities modeling firms and consultants.
 - E. Identify potential improvements to the credit filing and designation processes, including formats and electronic system enhancements.
 - F. Coordinate with the Invested Assets (E) Task Force, Investment Analysis (E) Working Group, and other NAIC working groups and task forces to formulate recommendations and make referrals to other NAIC regulator groups to ascertain that the purpose and objective of guidance in the P&P Manual is reflective in the guidance of other groups and that the expertise of other NAIC regulatory groups and the objectives of their guidance is reflected in the P&P Manual. Implement additional and alternative ways to measure and report investment risk.
3. The **Credit Rating Provider (E) Working Group** will:
- A. Identify potential improvements to the filing exempt (FE) process (i.e., using credit rating provider ratings to determine an NAIC designation) through ongoing implementation of the CRP due diligence framework to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
 - B. Implement policies resulting from the CRP due diligence framework related to NAIC's staff administration of rating agency ratings used in NAIC processes, including staff discretion over the applicability of their use in its administration of FE.
 - C. Coordinate with the Investment Designation Analysis (E) Working Group on issues identified from the maintenance of the CRP due diligence framework.

NAIC Support Staff: Mark Sagat