

Draft date: 7/16/25

Virtual Meeting

EXAMINATION OVERSIGHT (E) TASK FORCE

Thursday, July 31, 2025

11:00 a.m. – 12:00 p.m. ET / 10:00 – 11:00 a.m. CT / 9:00 – 10:00 a.m. MT / 8:00 – 11:00 a.m. PT

ROLL CALL

NAIC Member	Representative	State/Territory
Judith L. French, Chair	Zachary Wheatley, Chair	Ohio
Karima M. Woods, Vice Chair	N. Kevin Brown, Vice Chair	District of Columbia
Mark Fowler	Sheila Travis/Blasé Abreo	Alabama
Heather Carpenter	David Phifer	Alaska
Ricardo Lara	Laura Clements	California
Michael Conway	Rolf Kaumann	Colorado
Andrew N. Mais	William Arfanis	Connecticut
Trinidad Navarro	Nicole Brittingham	Delaware
Michael Yaworsky	Carolyn Morgan	Florida
Holly W. Lambert	Roy Eft	Indiana
Doug Ommen	Daniel Mathis	Iowa
Vicki Schmidt	Tish Becker	Kansas
Sharon P. Clark	Jeff Gaither	Kentucky
Timothy J. Temple	Melissa Gibson	Louisiana
Michael T. Caljouw	John Turchi	Massachusetts
Anita G. Fox	Kristin Hynes	Michigan
Grace Arnold	Kathleen Orth	Minnesota
Mike Chaney	Mark Cooley	Mississippi
Angela L. Nelson	John Rehagen	Missouri
Remedio C. Mafnas	Remedio C. Mafnas	N. Mariana Islands
Eric Dunning	Tadd Wegner	Nebraska
Ned Gaines	Hermoliva Abejar	Nevada
Justin Zimmerman	Justin Zimmerman	New Jersey
Alice T. Kane	Alice T. Kane	New Mexico
Jon Godfread	Matt Fischer	North Dakota
Glen Mulready	Eli Snowbarger	Oklahoma
TK Keen	Teresa Borrowman	Oregon
Michael Humphreys	Diana Sherman	Pennsylvania
Elizabeth Kelleher Dwyer	John Tudino	Rhode Island
Michael Wise	Linda Haralson	South Carolina
Larry D. Deiter	Johanna Nickelson	South Dakota
Cassie Brown	Shawn Frederick	Texas
Scott A. White	Jennifer Blizzard	Virginia

Patty Kuderer	Tarik Subbagh	Washington
Nathan Houdek	Amy Malm	Wisconsin

NAIC Support Staff: Elise Klebba/Bailey Henning

AGENDA

1. Consider Adoption of its 2024 Fall National Meeting Minutes Attachment A
—*Zachary Wheatley (OH)*
2. Consider Adoption of the Reports of its Working Group and Technical Group Attachment B
—*Zachary Wheatley (OH)*
 - A. Information Technology (IT) Examination (E) Working Group
—*Ber Vang (CA)*
 - B. Financial Examiners Handbook (E) Technical Group
—*Eli Snowbarger (OK)*
3. Discuss Any Other Matters Brought Before the Task Force
—*Zachary Wheatley (OH)*
4. Adjournment

Draft Pending Adoption

Draft: 11/8/24

Examination Oversight (E) Task Force
Virtual meeting (*in lieu of meeting at the 2024 Fall National Meeting*)
November 12, 2024

The Examination Oversight (E) Task Force met Nov. 12, 2024. The following Task Force members participated: Judith L. French, Chair, represented by Dwight Radel (OH); Karima M. Woods, Vice Chair, represented by N. Kevin Brown (DC); Lori K. Wing-Heier represented by David Phifer (AK); Mark Fowler represented by Blase Abreo (AL); Ricardo Lara represented by Laura Clements and Ber Vang (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by William Arfanis (CT); Trinidad Navarro represented by Adrienne Lupo (DE); Michael Yaworsky represented by Chad Mason (FL); Doug Ommen represented by Daniel Mathis (IA); Dean L. Cameron represented by Eric Fletcher (ID); Holly W. Lambert represented by Jerry Ehlers (IN); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark represented by Jeff Gaither (KY); Michael T. Caljouw represented by John Turchi (MA); Anita G. Fox represented by Robert Lamberjack (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by Shannon Schmoeger (MO); Mike Chaney represented by Mark Cooley (MS); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Tadd Wegner (NE); D.J. Bettencourt represented by Colin Wilkins (NH); Justin Zimmerman represented by David Wolf (NJ); Glen Mulready represented by Eli Snowbarger (OK); Cassie Brown represented by Shawn Frederick (TX); Scott A. White represented by Greg Chew (VA); Mike Kreidler represented by Tarik Subbagh (WA); and Nathan Houdek represented by Amy Malm (WI). Also participating were: Kari Leonard (MT); and John Tudino (RI).

1. Adopted its Sept. 25 and Summer National Meeting Minutes

Radel said the Task Force conducted an e-vote that concluded Sept. 25 to adopt its 2025 proposed charges, which remained unchanged from the Task Force's 2024 charges.

The Task Force also met Nov. 12 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss open exams that are past the 22-month deadline.

Malm made a motion, seconded by Kaumann, to adopt the Task Force's Sept. 25 (Attachment One) and July 25 (*see NAIC Proceedings – Summer 2024, Examination Oversight (E) Task Force*) minutes. The motion passed unanimously.

2. Adopted the Reports of its Working Groups

A. Electronic Workpaper (E) Working Group

Clements provided the report of the Electronic Workpaper (E) Working Group. She stated that the Working Group has not met in open session this year. She said the Working Group has held informal monthly meetings to discuss the progress of TeamMate+ transition.

B. Financial Analysis Solvency Tools (E) Working Group

Draft Pending Adoption

Chew provided the report of the Financial Analysis Solvency Tools (E) Working Group. He stated that the Working Group met Nov. 7 and Sept. 26 to adopt revisions to the *Financial Analysis Handbook* on the following topics:

- Revisions to the property/casualty (P/C) catastrophe reinsurance program.
- Revisions to the credit risk assessment guidance.
- Revisions to the pricing and underwriting risks of health insurers.
- Revisions to Form A and disclaimer of control/affiliation guidance.
- Revisions to guidance pertaining to the Own Risk and Solvency Assessment (ORSA) and Form F exemptions.
- Revisions regarding recovery and resolution planning to align the guidance with the current Insurance Core Principles (ICPs).
- Revisions that include new procedures for analysts to consider:
 - When reviewing applications for capital or surplus notes.
 - Parental guarantees and capital maintenance agreements as part of the Form A review.
- Revisions to merge the analyst reference guide and the risk repositories for market, pricing/underwriting, reputational, and strategic risks as part of the long-term plan to enhance automated analysis tools.
- Revisions to incorporate best practices to existing guidance on the monitoring of run-off insurers.

C. Financial Examiners Coordination (E) Working Group

Radel provided the report of the Financial Examiners Coordination (E) Working Group. He stated that the Working Group met Aug. 12 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss reports on group coordination.

D. Financial Examiners Handbook (E) Technical Group

Snowbarger provided the report of the Financial Examiners Handbook (E) Technical Group. He stated that the Technical Group met Oct. 31 and Sept. 23 to adopt revisions to the *Financial Condition Examiners Handbook* (Handbook) on the following topics:

- Revisions to Section 1-1 and the investments repository in response to a referral from the Risk-Focused Surveillance (E) Working Group to provide more guidance to regulators on reviewing affiliated investment management services and agreements.
- Revisions to Section 1-3 in response to a referral from the Risk-Focused Surveillance (E) Working Group to incorporate best practices to existing guidance on monitoring run-off insurers.
- Revisions to Exhibit V to provide an example prospective risk and Exhibit Y to provide sample interview questions related to a company's executive compensation structure and related risks.
- Revisions to the capital and surplus repository to encourage an examiner to review the manual adjustments made to risk-based capital (RBC), including those for modified coinsurance (modco) reinsurance and separate account assets.

E. Information Technology (IT) Examination (E) Working Group

Draft Pending Adoption

Vang provided the report for the Information Technology (IT) Examination (E) Working Group. He stated that the Working Group met Oct. 31 and Oct. 10 to adopt revisions to the *Financial Condition Examiners Handbook* on the following topics:

- Revisions to Exhibit C, Part 2 to update IT review guidance to further align it with the Cybersecurity Framework (CSF) 2.0 of the National Institute of Standards and Technology (NIST), in response to a referral from the Cybersecurity (H) Working Group.

Vang noted that the Working Group will continue this work in 2025 to determine how to separate work needed to conclude on IT general controls (ITGCs) from cybersecurity work. As a part of this effort, current procedures in Exhibit C may be further modified or removed.

Cooley made a motion, seconded by Phifer, to adopt reports of the Electronic Workpaper (E) Working Group; the Financial Analysis Solvency Tools (E) Working Group, including its Nov. 7 (Attachment Two) and Sept. 26 (Attachment Three) minutes; the Financial Examiners Coordination (E) Working Group; the Financial Examiners Handbook (E) Technical Group, including its Oct. 31 (Attachment Four) and Sept. 23 (Attachment Five) minutes; and the Information Technology (IT) Examination (E) Working Group, including its Oct. 31 (Attachment Six) and Oct. 10 (Attachment Seven) minutes. The motion passed unanimously.

Having no further business, the Examination Oversight (E) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Committees/E Committee/2024-3-Fall/EOTF

Draft date: 3/10/25

Information Technology (IT) Examination (E) Working Group
Virtual Meeting
March 3, 2025

The Information Technology (IT) Examination (E) Working Group of the Examination Oversight (E) Task Force met March 3, 2025. The following Working Group members participated: Ber Vang, Chair (CA); Shane Mead, Vice Chair (KS); Chris Erwin (AR); Ken Roulier and Michael Shanahan (CT); Ricardo Mancilla (IL); Dmitriy Valekha (MD); Kim Dobbs and Cynthia Amann (MO); Colton Schulz (ND); Andrea Johnson (NE); Eileen Fox (NY); Metty Nyangoro (OH); Eli Snowbarger (OK); and Diana Sherman (PA).

1. Discussed the 2025 Workplan for Updating IT Review Guidance Based on a Cybersecurity (H) Working Group Referral

Vang provided an overview of the Working Group's 2024 activities associated with addressing a referral from the Cybersecurity (H) Working Group, which requested that the IT Examination (E) Working Group review the IT exam process and evaluate whether a more cybersecurity-focused approach would be beneficial. The drafting group determined that incorporating elements of the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0 would be beneficial, as it introduces concepts not currently present in the IT exam process while maintaining a structure like the existing Exhibit C.

Vang explained that due to time constraints related to incorporating changes into the *Financial Condition Examiners Handbook*, the drafting group adopted a two-step approach. In the first step, completed last year, a gap analysis was performed, and Exhibit C procedures were modified to address critical gaps between Exhibit C and NIST CSF 2.0.

The next step will involve developing a decision framework to separate IT general control procedures from those focused on cybersecurity. This decision framework will ensure that conclusions on IT general controls can be made before the end of phase two, while cybersecurity assessments may extend throughout the seven-phase examination process. Some procedures in Exhibit C will likely be removed if deemed redundant or unnecessary, though care will be taken to ensure critical procedures are retained. Additionally, the decision framework will consider whether elements of the IT general controls or cybersecurity procedures should vary based on company size, premium volume, or data sensitivity.

Bruce Jenson (NAIC) stated that last year's updates were a temporary solution, while the current effort focuses on a long-term overhaul of IT review guidance. Because the current effort is a broader project with potential impacts on the scope of IT reviews and, therefore, exam budgets, it is expected that this decision framework will first be developed and presented to the Working Group before proceeding with any revisions. This is intended to ensure a structured and transparent approach with an opportunity for public discussion and approval from the parent task force before moving forward.

Mead clarified that restructuring Exhibit C to focus specifically on IT general controls and creating a separate cybersecurity-focused review could require distinct approaches based on their different goals.

The proposed decision framework will be presented to the full Working Group and exposed for public comment before proceeding with detailed drafting and implementation. Vang encouraged IT examiners interested in participating in the drafting group to contact Topher Hughes (NAIC).

2. Received an Update from the Cybersecurity (H) Working Group on Model #668 Compliance Testing

Michael Peterson (VA) discussed a referral received by the Cybersecurity (H) Working Group from the Chief Financial Regulator Forum regarding the development of test procedures to ensure compliance with the *Insurance Data Security Model Law* (#668). The Working Group will explore whether and how these compliance procedures should be incorporated into full-scope financial condition examinations and how the resulting findings should be communicated across states. Additionally, the Working Group will consider how these compliance procedures might overlap with existing IT review procedures in financial examinations.

Peterson suggested coordinating with other NAIC working groups, including the IT Examination (E) Working Group to ensure the synchronization of test procedures and the Market Conduct Examination Guidelines (D) Working Group to address compliance testing conducted through market conduct examinations.

Having no further business, the IT Examination (E) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/E CMTE/EOTF/ITEWG Minutes 03-03-25

Draft date: 7/14/25

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
July 7, 2025

The Financial Examiners Handbook (E) Technical Group of the Examination Oversight (E) Task Force met July 7, 2025. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Blasé Abreo (AL); Laura Clements (CA); William Arfanis (CT); N. Kevin Brown (DC); Cindy Andersen (IL); Grace Kelly (MN); Sara McNeely (MO); Monique D. Smith (NC); Andrea Johnson (NE); Colin Wilkins (NH); Nancy Lee Chice (NJ); Zachary Wheatley (OH); Diana Sherman (PA); and Tarik Subbagh (WA).

1. Adopted Handbook Guidance

A. FEETS Group Exam Call Timing

Litweiler introduced the first revision to the *Financial Condition Examiners Handbook* (Handbook) regarding the timing of the Financial Exam Electronic Tracking System (FEETS) group exam call on coordinated exams. He mentioned that the Financial Examiners Coordination (E) Working Group discussed this proposal during its March 17 meeting. The Working Group's consensus was that the guidance should require the FEETS call to occur 90 days before the anticipated start date. The Working Group also recommended emphasizing the informal notification that is already included in the guidance, which requires lead state or exam facilitators to provide an informal notification of the upcoming examination to other states with companies in the group, and the companies themselves, at least six months prior to the examination's as-of date.

B. EIC Responsibilities

Litweiler introduced the second revision to the Handbook regarding the responsibilities of various examiner positions. The proposed revisions show that the examiner-in-charge's (EIC's) responsibilities include ensuring that the prospective nature of the exam remains consistent with the other positions listed in that section and other areas of the Handbook.

Smith made a motion, seconded by Andersen, to adopt the revisions related to the timing of group exam FEETS calls (Attachment ____) and EIC responsibilities (Attachment ____) for inclusion in the Handbook. The motion passed unanimously.

2. Exposed Handbook Guidance

A. Exam Planning Procedure Updates

Snowbarger introduced proposed revisions resulting from discussions at the most recent exam peer review. He stated that participants proposed simplifying and consolidating steps in Exhibit A: Examination Planning Procedures Checklist. The first revision combines steps one (meet with the financial analyst) with steps six and seven (meet with other department personnel), as those steps typically happen concurrently. The next revision combines step four (information technology [IT] risks) into a single step, similar to step 16. The last revision deletes step five, which instructs examiners to update the Insurer Profile Summary (IPS), as peer reviewers felt significant

findings are commonly presented through the status updates, of which the analyst is often a recipient. The corresponding narrative guidance in Section 2, Phase 1, for updating the IPS was also deleted.

B. Reference to CAT Reinsurance Interrogatory

Snowbarger shared the next set of revisions related to the new catastrophe (CAT) reinsurance program interrogatory. Revisions to the reinsurance ceding repository include the interrogatory as a source of information for catastrophic reinsurance coverage and include other potential procedures when reviewing catastrophic reinsurance coverage for reasonableness. These revisions are consistent with information on the CAT interrogatory already included within the *Financial Analysis Handbook*.

C. Exhibit Q: Review and Approval Summary Updates

Snowbarger introduced the last set of revisions related to Exhibit Q: Review and Approval Summary. Minor revisions clarify that there should be a meeting at the end of the examination to communicate exam results with the analyst.

The Technical Group agreed to expose the revisions for a 30-day public comment period ending Aug. 6.

3. Discussed its 2025 Project Listing

A. Summary Review Memorandum

Litweiler introduced the Technical Group's 2025 project listing and discussed the first item on the list, pertaining to the summary review memorandum (SRM). He stated that during the Technical Group's last meeting, it was noted that some existing sound practices may be beneficial to include within the guidance. After mapping the sound practices to the Handbook guidance, it was determined that the sound practice concepts are already captured in the existing Handbook guidance. Currently, no further updates to the guidance are deemed necessary.

B. Risk Matrix Verbiage

Litweiler discussed the second item on the project listing, which was related to the risk matrix verbiage throughout the Handbook. Given the transition to TeamMate+, standalone risk matrices will likely begin to be phased out as more states document the risk assessment through the application. NAIC staff plan to begin drafting revisions to clarify that the risk assessment is the requirement, rather than Exhibit K, the risk matrix itself. The Technical Group will discuss proposed revisions later in the summer or early fall.

C. AI in Examinations

Litweiler discussed a new addition to the Technical Group's project listing, pertaining to the use of artificial intelligence (AI) in exams, particularly in terms of user review and confidentiality. NAIC staff plan to begin drafting these revisions later this summer or in the early fall to present to the Technical Group for consideration.

Having no further business, the Financial Examiners Handbook (E) Technical Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/E CMTE/2025 Summer/EOTF

Draft date: 4/8/25

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
March 31, 2025

The Financial Examiners Handbook (E) Technical Group met March 31, 2025. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Blasé Abreo (AL); Laura Clements (CA); William Arfanis (CT); N. Kevin Brown (DC); Shannon Schmoeger (MO); Monique D. Smith (NC); Andrea Johnson (NE); Colin Wilkins (NH); Nancy Lee Chice (NJ); Zachary Wheatley (OH); Diana Sherman (PA); and Tarik Subbagh (WA).

1. Adopted Handbook Guidance

A. Risk-Focused Surveillance (E) Working Group Referral

Litweiler introduced revisions to the *Financial Condition Examiners Handbook* (Handbook) regarding standards and expectations for state insurance departments' use of contractors on an examination. He mentioned that the revisions have been subject to a public comment period at the Risk-Focused Surveillance (E) Working Group. The Working Group recommended that these edits be considered for adoption without an additional exposure period or significant modification to ensure consistency with related revisions to the *Financial Analysis Handbook* and Accreditation Review Team Guidelines.

Clements made a motion, seconded by Sherman, to adopt guidance related to the standards and expectations for state insurance departments in their use of contractors on an examination (Attachment --). The motion passed unanimously.

2. Discussed its 2025 Project Listing

Snowbarger introduced the Technical Group's 2025 project listing. The first item on the list is to consider potential updates to the summary review memorandum (SRM) guidance. He noted that this project was a result of feedback received from recent examination peer review sessions and accreditation team member training. Since there is limited narrative guidance in this area, the quality of SRMs can vary greatly.

Snowbarger suggested seeking input from department analysts when developing guidance in this area and that additional guidance and expectations for documenting holding company information within the SRM would be beneficial. Smith wondered if this project would include incorporating best practices into the guidance. Bruce Jenson (NAIC) confirmed that the project would likely include the incorporation of some of the sound practices that have been identified through peer reviews into the formal handbook guidance, but not all of them. Wilkins noted that it could also be beneficial to consider findings from accreditation reviews when developing this guidance. Elise Klebba (NAIC) agreed and said the SRM was discussed at the accreditation team member training in January 2025.

Klebba said that revisions would likely be in the narrative section of the Handbook, although revisions may also be possible in Exhibit AA. She said that this project would start by comparing the narrative guidance to the guidance in Exhibit AA and utilizing the various sources mentioned (e.g., sound practices and accreditation findings) to determine what other guidance may be helpful in this area. Arfanis clarified that NAIC staff would draft revisions and bring them to the full Technical Group once written.

The second item on the list pertains to the risk matrix verbiage throughout the Handbook. Snowbarger said risk matrices may no longer be used with the transition to TeamMate+. Therefore, the Technical Group may want to consider wording changes to align more closely with the updated process.

The last item on the project list relates to a reference to the catastrophe (CAT) interrogatories. Snowbarger noted that a reference to the CAT interrogatories on CAT risk reinsurance was included within the *Financial Analysis Handbook* but not the *Financial Condition Examiners Handbook*.

NAIC staff were directed to begin drafting edits for each project and will bring suggested revisions before the full Technical Group once drafted.

3. Exposed Handbook Revision Proposals

Litweiler mentioned that the Technical Group received two Handbook revision proposals from The INS Companies. The first proposal sought to clarify the timing of the Financial Exam Electronic Tracking System (FEETS) exam call on coordinated exams. In the existing coordinated exam guidance, the section for lead state responsibilities states that the lead state should call the group examination in FEETS at least 90 days before the anticipated start date of the group exam. However, the section for participating states' responsibilities stated that the lead state should call the exam in FEETS at least 90 days prior to the examination's as-of-date. He said that because this proposal relates to coordination guidance, the Financial Examiners Coordination (E) Working Group discussed this proposal on its March 17 call. The Financial Examiners Coordination (E) Working Group's consensus is that the guidance should state that the FEETS notification should occur 90 days before the anticipated start date. The Working Group also suggested emphasizing existing guidance associated with informal notification of an upcoming coordinated exam, indicating that informal notice should be provided to relevant states at least six months before the examination's as-of-date. He said that proposed revisions reflect the Financial Examiners Coordination (E) Working Group's feedback by indicating that the FEETS call should occur at least 90 days prior to the anticipated start date in both sections and by bolding the guidance regarding the informal notification.

The second Handbook revision proposal sought to provide consistency in the Handbook regarding responsibilities for various examiner positions. The financial examiner and senior financial examiner descriptions currently include the prospective nature of the exam, while the examiner-in-charge responsibilities do not. Litweiler said that the proposed revisions include the prospective nature of the exam for the examiner-in-charge responsibilities.

As there were no objections, the Technical Group exposed the revisions for a 30-day public comment period ending April 30.

Having no further business, the Financial Examiners Handbook (E) Technical Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/E CMTE/2025_2Summer