

Draft date: 11/5/25

Virtual Meeting

EXAMINATION OVERSIGHT (E) TASK FORCE

Monday, December 1, 2025

3:00 – 3:30 p.m. ET / 2:00 – 2:30 p.m. CT / 1:00 – 1:30 p.m. MT / 12:00 – 12:30 p.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	Tom Travis	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 Sept. 29 and Summer National Meeting Minutes — Attachment One
Zachary Wheatley (OH)
2. Consider Adoption of the Reports of its Working Group and Technical Group — Attachment Two
Zachary Wheatley (OH)
 - A. Financial Analysis Solvency Tools (E) Working Group — *Greg Chew (VA)*
 - B. Financial Examiners Handbook (E) Technical Group — *Eli Snowbarger (OK)*
 - C. Information Technology (IT) Examination (E) Working Group — *Ber Vang (CA)*
3. Discuss Any Other Matters Brought Before the Task Force
— *Zachary Wheatley (OH)*
4. Adjournment

Draft: 10/7/25

Examination Oversight (E) Task Force
E-Vote
September 29, 2025

The Examination Oversight (E) Task Force conducted an e-vote that concluded Sept. 29, 2025. The following Task Force members participated: Judith L. French, Chair, represented by Zachary Wheatley (OH); Karima M. Woods, Vice Chair, represented by N. Kevin Brown (DC); Ricardo Lara represented by Laura Clements (CA); Michael Conway represented by Rolf Kaumann (CO); Andrew N. Mais represented by William Arfanis (CT); Trinidad Navarro represented by Rylynn Brown (DE); Doug Ommen represented by Daniel Mathis (IA); Holly W. Lambert represented by Roy Eft (IN); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark represented by Jeff Gaither (KY); Timothy J. Temple represented by Tom Travis (LA); Michael T. Caljouw represented by John Turchi (MA); Anita G. Fox represented by Kirstin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Angela L. Nelson represented by John Rehagen (MO); Mike Chaney represented by Mark Cooley (MS); Eric Dunning represented by Tadd Wegner (NE); John Godfread represented by Matt Fischer (ND); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Larry D. Deiter represented by Johanna Nickelson (SD); Cassie Brown represented by Shawn Frederick (TX); Scott A. White represented by Jennifer Blizzard (VA); Patty Kuderer represented by Tarik Subbagh (WA); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its 2026 Revised Charges

The Task Force conducted an e-vote to consider adoption of its 2026 revised charges (**Attachment XX**). The Electronic Workpaper (E) Working Group revised its existing charges by removing the requirement for ongoing oversight of the transition to the TeamMate+ application. The motion passed unanimously.

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

SharePoint/NAIC Support Staff Hub/Member Meetings/E Cmte/EOTF/EOTF E-Vote Minutes 9-29-25

Examination Oversight (E) Task Force
Virtual Meeting
July 31, 2025

The Examination Oversight (E) Task Force met July 31, 2025. The following Task Force member participated: Judith L. French, Chair represented by Zachary Wheatley (OH); Karima M. Woods, Vice Chair, represented by N. Kevin Brown (DC); Mark Fowler represented by Sheila Travis and Blasé Abreo (AL); Ricardo Lara represented by Laura Clements and Ber Vang (CA); Andrew N. Mais represented by William Arfanis (CT); Trinidad Navarro represented by Rylynn Brown (DE); Michael Yaworsky represented by Chad Mason (FL); Holly W. Lambert represented by Roy Eft (IN); Doug Ommen represented by Daniel Mathis (IA); Sharon P. Clark represented by Vicki Lloyd (KY); Timothy J. Temple represented by Melissa Gibson (LA); Michael T. Caljouw represented by John Turchi (MA); Anita G. Fox represented by Kristin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Angela L. Nelson represented by Shannon Schmoeger (MO); Mike Chaney represented by Mark Cooley (MS); Eric Dunning represented by Tadd Wegner (NE); Jon Godfread represented by Matt Fischer (ND); Glen Mulready represented by Eli Snowbarger (OK); TK Keen represented by Teresa Borrowman (OR); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise represented by Linda Haralson (SC); Larry D. Deiter represented by Johanna Nickelson (SD); Scott A. White represented by Jennifer Blizzard (VA); and Patty Kuderer represented by Tarik Subbagh (WA).

1. Adopted its 2024 Fall National Meeting Minutes

Orth made a motion, seconded by Clements, to adopt the Task Force's Nov. 12, 2024, minutes (*see NAIC Proceedings – Fall 2024, Examination Oversight (E) Task Force*). The motion passed unanimously.

2. Adopted the Reports of its Working Groups

Wheatley noted that the Financial Examiners Coordination (E) Working Group met March 13 in regulator-only session pursuant paragraph 3 of the NAIC Policy Statement on Open Meetings. Additionally, the Electronic Workpaper (E) Working Group met April 10, and the Financial Analysis Solvency Tools Working Group met July 15 in regulator-only session pursuant to paragraph 4 of the NAIC Policy Statement on Open Meetings.

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

Vang provided the report for the IT Examination (E) Working Group. He stated that the Working Group met March 3 to discuss forming a drafting group to develop a framework to separate IT general control (ITGC) work from cyber-risk assessment work following last year's gap analysis work. The drafting group has completed the framework, and it will meet July 31 to provide an overview of and consider exposing the framework document for a public comment period. He said the framework document lays out a new seven step process for IT examination and will create a new Exhibit C Part 3 for cyber-risk security.

B. 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 July 7 and March 31 to adopt revisions to the *Financial Condition Examiners Handbook* (Handbook) on the following topics:

- Revisions to Section 1-3 in response to a Risk-Focused Surveillance (E) Working Group referral to provide state insurance regulators with additional guidance regarding standards and expectations for state insurance departments' use of contractors on an examination.

- Revisions to Section 1-1 related to the timing of the Financial Exam Electronic Tracking System (FEETS) group exam call. These edits require the FEETS call to occur at least 90 days before the anticipated start date of the exam and emphasize that the informal notification regarding an updated coordinated exam should still occur at least six months prior to the “as-of” date of the exam.
- Revisions to Section 1-2 to update the examiner in charge’s (EIC’s) responsibilities ensuring that the prospective nature of the exam remain consistent with the other positions listed in the Handbook.

Subbagh made a motion, seconded by Eft, to adopt the reports of the Financial Examiners Coordination (E) Working Group, the Electronic Workpaper (E) Working Group, the Financial Analysis Solvency Tools (E) Working Group, the Information Technology Examination (E) Working Group, including its March 3 minutes (Attachment One); and the Financial Examiners Handbook (E) Technical Group, including its July 7 (Attachment Two) and March 31 minutes (Attachment Three). The motion passed unanimously.

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

SharePoint/NAIC Support Staff Hub/Committees/E Committee/2025_2Summer/EOTF/EOTF – Meeting Minutes 7.31.25 Final

Draft: 11/10/25

Financial Analysis Solvency Tools (E) Working Group
Virtual Meeting
November 6, 2025

The Financial Analysis Solvency Tools (E) Working Group of the Examination Oversight (E) Task Force met Nov. 6, 2025. The following Working Group members participated: Greg Chew, Chair (VA); Amy Garcia, Vice Chair (TX); Richard Russell (AL); Dave Lathrop (AZ); Jack Broccoli (CT); N. Kevin Brown (DC); Carolyn Morgan and Shalice Rivers (FL); Amanda Denton (IN); Greg Ricci (MD); Kristin Hynes (MI); Danielle Smith (MO); Paul Lupo (NJ); Victor Agbu (NY); Mark Boston and Tracy Snow (OH); Liz Ammerman (RI); and Kristin Forsberg (WI).

1. Adopted its Sept. 23 Minutes

The Working Group met Sept. 23. During that meeting, the Working Group took the following action: 1) adopted revisions to the *Financial Analysis Handbook* (Handbook) related to contractor oversight guidance; 2) exposed draft Handbook guidance on the recommended interpretation of conditions in the *Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition* (#385), draft guidance made in response to statutory accounting and financial statement blanks reporting revisions, and updates to the Insurer Profile Summary (IPS) and Group Profile Summary (GPS) examples for a 30-day public comment period ending Oct. 23; and 3) exposed proposed changes to property/casualty (P/C) Insurance Regulatory Information System (IRIS) Ratio 9—Adjusted Liabilities to Liquid Assets for a 30-day comment period ending Oct. 23.

Hynes made a motion, seconded by Forsberg, to adopt the Working Group's Sept. 23 minutes (Attachment XX). The motion passed unanimously.

2. Discussed Exposure Draft Comments Related to Handbook Guidance on Model #385 and Formed a Drafting Group

Chew said the next item of business was to discuss the comments received on the exposed revisions to the Handbook regarding the recommended interpretation of conditions in Model #385.

Chew noted that the comment letters suggested different variations of calculations to determine whether an insurer is in hazardous financial condition. Because of this, Chew recommended that the Working Group form a drafting group to continue working on the guidance and reach a consensus on the calculations, requesting volunteers from Working Group members. Chew, Forsberg, and Smith volunteered. Debbie Doggett (Doggett Consulting Services) also offered to participate in the drafting group. Chew directed committee support to send communication to Working Group members to request any additional volunteers.

Ralph Villegas (NAIC) said committee support will schedule a kick-off meeting with drafting group members in early 2026.

3. Adopted Revisions to the Handbook

Chew said the next item of business was to discuss comments and consider adoption of the exposed draft Handbook guidance related to: 1) branded risk assessment user guidance; 2) guidance for the principle-based bond definition (PBBB); 3) guidance for separate accounts general interrogatories disclosures on guarantees; 4) guidance for notes to the financial statements; and 5) IPS and GPS examples.

Jane Koenigsman (NAIC) said the proposed guidance was revised to address Forsberg's comments. This included adding a definition for "risk component" within the branded risk assessment user guidance, adding a holding company summary to the IPS example, and making other minor edits to the guidance to address the comments.

Forsberg indicated agreement with the proposed additional revisions.

Russell made a motion, seconded by Hynes, to adopt the revisions to the Handbook. The motion passed unanimously.

4. Adopted Changes to P/C IRIS Ratio 9—Adjusted Liabilities to Liquid Assets Ratio

Chew said the next item of business was to consider adoption of the proposed changes to the calculation of the P/C IRIS Ratio 9. Chew noted that no formal comments were received on the exposure draft. However, the Working Group did receive a question about whether a similar adjustment should also be made for affiliated bonds, given that a similar adjustment was applied to affiliated stocks.

Rodney Good (NAIC) stated the proposed changes to the ratio are intended to correct the calculation for liquid assets, specifically the deduction of affiliated stocks, as companies with non-admitted affiliated stocks were being double-penalized. Good said, unlike affiliated stocks, there does not appear to be a way to isolate the non-admitted amount of affiliated bonds from the available data tables. Even if such an adjustment were possible, Good said it would have a negligible effect on the IRIS ratio results. As an alternative, Good suggested that committee support could draft additional ratio guidance in the IRIS manual for the Working Group to consider for next year to recommend that the analyst investigate whether any non-admitted bonds are affiliated and whether adding those amounts back would prevent the company from triggering the unusual value.

Chew asked committee support to draft the additional guidance for the Working Group to consider during an upcoming meeting next year.

Hynes made a motion, seconded by Forsberg, to adopt the changes to P/C IRIS Ratio 9 (Attachment XX). The motion passed unanimously.

Having no further business, the Financial Analysis Solvency Tools (E) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/E CMTE/2025_Fall/EOTF/11.6.25 FASTWG Meeting Minutes

Draft: 10/22/25

Financial Analysis Solvency Tools (E) Working Group
Virtual Meeting
September 23, 2025

The Financial Analysis Solvency Tools (E) Working Group of the Examination Oversight (E) Task Force met Sept. 23, 2025. The following Working Group members participated: Greg Chew, Chair (VA); Amy Garcia, Vice Chair (TX); Richard Russell and Todrick Burks (AL); Dave Lathrop and Kurt Regner (AZ); Michelle Lo (CA); Jack Broccoli (CT); N. Kevin Brown (DC); Carolyn Morgan and Shalice Rivers (FL); Amanda Denton (IN); Greg Ricci (MD); Kristin Hynes (MI); Danielle Smith (MO); Paul Lupo (NJ); Victor Agbu (NY); Tracy Snow, Mark Boston, David Cook, and Eric Hronek (OH); Ryan Keeling (OR); Liz Ammerman and Ted Hurley (RI); Samantha Watkins (SD); and Kristin Forsberg (WI).

1. Adopted the *Financial Analysis Handbook* Guidance Referred by the Risk-Focused Surveillance (E) Working Group

Chew said the Working Group received a referral from the Risk-Focused Surveillance (E) Working Group to request the adoption of a revision to the *Financial Analysis Handbook* (Handbook) for guidance regarding contractor oversight. The proposed guidance is consistent with guidance proposed for the *Financial Condition Examiners Handbook* that was discussed and exposed by the Risk-Focused Surveillance (E) Working Group.

Garcia made a motion, seconded by Russell, to adopt the Handbook guidance for contractor oversight (Attachment x-x). The motion passed unanimously.

2. Exposed Draft *Financial Analysis Handbook* Revisions

Chew said several amendments to the Handbook are proposed, including proposed guidance on the recommended interpretation of conditions in the *Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition* (Model #385), which had resulted in a referral received from the Chief Financial Regulator Form (Attachment x-x). In addition, committee support are proposing revisions to various other sections of the Handbook in response to statutory financial statement blanks changes and general enhancements to the guidance.

A. Model #385 Financial Hazardous Condition Standards Guideline

Ralph Villegas (NAIC) said regarding Model #385 guidance, committee support drafted recommendations for interpreting Model #385 Subsection 3E and Subsection 3F within the Handbook Section IIIA(4)—Risk Assessment. The proposed guidance indicates regulators should still refer to each respective state's laws regarding hazardous financial condition criteria, as the proposal is intended to be guidance. Villegas asked the Working Group to consider exposing the draft for public comment.

Hronek said Ohio includes unrealized capital gains/losses in its net capital gain/loss calculation. Jane Koenigsman (NAIC) responded that the calculation in the proposal is based on feedback committee support received from a survey of state insurance regulators, where the majority of states provided that they did not include unrealized capital gains/losses. Koenigsman suggested that comments be requested specifically on which capital gains elements would be preferred in the calculation.

Cook said he thinks it is double-counting realized gains or losses included in net income. Villegas said he did not believe the calculation double-counted realized capital gains/losses. Chew agreed and asked Hronek and other commentators to comment on the exposure draft regarding whether to include net gains/losses, either realized, unrealized, or both.

B. Branded Risk Assessment User Guidance

Koenigsman said the revisions in the Handbook chapter IIIA(7) move this guidance to the front of the risk assessment section of the Handbook to eliminate redundancy. Additional edits are intended to encourage customization.

C. Guidance for PBBD

Koenigsman said the credit, liquidity, and market risk assessment chapters include updates made in response to statutory accounting and financial statement blanks reporting. The most significant revisions are for the principle-based bond definition (PBD). Revisions are drafted to be high-level on purpose. Koenigsman said that the guidance on structured notes is proposed to be deleted, and there is added guidance proposed on new modified coinsurance (modco) and funds withheld reinsurance reporting.

D. Guidance for Separate Accounts General Interrogatories Disclosures on Guarantees

Koenigsman said updates to the life reserves risk assessment chapter include guidance and a procedure on the new disclosures under *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55) related to asset adequacy testing (AAT) on reinsurance. Additionally, updates are proposed related to statutory financial statement blanks changes for separate account guarantees.

E. Guidance for Notes to the Financial Statement

Koenigsman said there were a multitude of Statutory Financial Statement Blanks Instruction changes that impacted notes to the financials, tax credit structures withheld, commitments and financing arrangements, reinsurance, and health care receivables.

F. Exposed Risk Assessment IPS and GPS Examples

Koenigsman said committee support proposed updates to the example Insurer Profile Summary (IPS) and Group Profile Summary (GPS) that are in the Handbook, as they believe the examples are out-of-date. Koenigsman stated that committee support recommend deleting the “Other Risk” category.. Koenigsman requested state insurance analysis staff feedback, recommending exposure of recommendations for public comment. With no objections, Chew said the proposed revisions to the handbook will be exposed for a 30-day public comment period ending Oct. 23, with a request to comment specifically on the unrealized capital gains and losses in the hazardous financial condition formula guidance.

3. Exposed Proposed Changes to P/C IRIS Ratio 9—Adjusted Liabilities to Liquid Assets Ratio

Rodney Good (NAIC) said that the Insurance Regulatory Information System (IRIS) Ratio 9—Adjusted Liabilities to Liquid Assets currently pulls the affiliated stock value from the five-year historical data table, which includes both

admitted and non-admitted amounts. This creates a double penalty for insurers with non-admitted affiliated amounts. In 2024, five insurers would have avoided the unusual result if the calculation excluded non-admitted values. Therefore, committee support recommended changing the source for affiliated stocks from the five-year historical data table to Schedule D, Part 6, where the net admitted value can be obtained.

With no objections, Chew said the IRIS ratio change will be exposed for a 30-day public comment period ending Oct. 23.

Having no further business, the Financial Analysis Solvency Tools (E) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/E CMTE/2025_3Fall/EOTF/FASTWG 9-23-2025 meeting minutes.docx

Virtual Meeting

FINANCIAL EXAMINERS HANDBOOK (E) TECHNICAL GROUP

November 20, 2025

Summary Report

The Financial Examiners Handbook (E) Technical Group met Nov. 20, 2025. During this meeting, the Technical Group:

1. Adopted *Financial Condition Examiners Handbook* guidance related to:
 - A. The responsible use of artificial intelligence (AI) in examinations
 - B. Recent Statutory Accounting Principles (E) Working Group adoptions, including modified coinsurance (ModCo) reinsurance and the Principles-Based Bond Project.
 - C. Sample procedures for asset adequacy testing in accordance with Actuarial Guideline (AG) 55 on certain asset intensive reinsurance transactions
 - D. Updates to risk matrix verbiage throughout the Handbook given the transition to TeamMate+

Draft: 10/15/25

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
October 14, 2025

The Financial Examiners Handbook (E) Technical Group of the Examination Oversight (E) Task Force met Oct. 14, 2025. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Shelia Travis (AL); Laura Clements (CA); William Arfanis (CT); N. Kevin Brown (DC); Cindy Andersen (IL); Grace Kelly (MN); Shannon Schmoeger (MO); Monique D. Smith (NC); Andrea Johnson (NE); Colin Wilkins (NH); Nancy Lee Chice (NJ); Zachary Wheatley (OH); and Tarik Subbagh (WA).

1. Adopted Handbook Guidance

A. Exam Planning Procedure Updates

Litweiler introduced the first revision to the *Financial Condition Examiners Handbook* (Handbook) regarding examination planning procedures as a result of the discussions in 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

Litweiler introduced the second revision to the Handbook, which was 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 the information on the CAT interrogatory already included within the *Financial Analysis Handbook*.

C. Exhibit Q: Review and Approval Summary Updates

Litweiler 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.

Subbagh made a motion, seconded by Clements, to adopt the revisions related to examination planning procedures (Attachment ____), the reference to CAT interrogatories (Attachment ____), and Exhibit Q (Attachment ____) for inclusion in the Handbook. The motion passed unanimously.

2. Exposed Handbook Guidance

A. Revisions Regarding Use of AI in Exams

Snowbarger introduced the first set of proposed revisions related to the use of artificial intelligence (AI) in exams. Revisions were included in the introduction and Sections 1–4 of the Handbook and provide guidance on the responsible use of AI, including considerations regarding user review of AI output and confidentiality.

B. Revisions Regarding Recent Statutory Accounting Principles (E) Working Group Adoptions

Snowbarger introduced the next set of revisions, which reflect the recent Statutory Accounting Principles (E) Working Group adoptions, including updates related to modified coinsurance (modco) reinsurance and the principles-based bond definition. He stated that revisions to the capital and surplus repository enhance guidance updates made last year pertaining to the accurate calculation and reporting of risk-based capital (RBC), including any manual adjustments. Phase 5 procedures now reference the new Schedule S, Part 8, which examiners can tie out to. In addition, sample procedures were added to the reinsurance ceding repository for considerations regarding the collateral held in modco and funds withheld reinsurance agreements. Procedures include assessing the reinsurer's investments and the credit quality of collateral assets, along with affiliate and related party considerations.

Revisions related to the principles-based bond definition are included in the investments repository. An existing risk identifier related to properly implementing and monitoring structured security transactions was revised to include the reporting element. He stated that sample procedures were added to help ensure the appropriate reporting treatment of securities under the principles-based bond definition, as there is a risk that a company could report securities as bonds on Schedule D, versus reporting them as other assets on Schedule BA, in an effort to avoid a higher RBC charge.

C. Revisions Regarding AG 55

Snowbarger shared the next set of revisions related to *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55). He stated that the revisions made to the reserves/claims handling (life) repository add sample procedures for asset adequacy testing (AAT) for certain asset-intensive reinsurance transactions in accordance with AG 55.

D. Revisions Regarding Risk Matrix Verbiage

Snowbarger introduced the last set of revisions that reflect changes to the risk matrix verbiage throughout the Handbook. Given the transition to TeamMate+, standalone risk matrices will be phased out as more states document the risk assessment through functionality within the TeamMate+ application. He stated revisions clarify that the risk assessment is the requirement, rather than Exhibit K (the risk matrix) itself. Exhibit K will remain in the Handbook, but the use of this exhibit is not required. Additionally, since automatic reference counting (ARC) references no longer exist within TeamMate+, Handbook exhibits that include examples with ARC references for illustration purposes have been updated to reflect hyperlinks to a location or document to demonstrate how references are shown in TeamMate+. This change affects Exhibits V, CC, and DD.

The Technical Group agreed to expose the revisions for a 30-day public comment period ending Nov. 13.

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

SharePoint/NAIC Support Staff Hub/Committees/E CMTE/EOTF/FEHTG Minutes 10.14.25

Draft: 8/4/25

Information Technology (IT) Examination (E) Working Group
Virtual Meeting
July 31, 2025

The Information Technology (IT) Examination (E) Working Group of the Examination Oversight (E) Task Force met July 31, 2025. The following Working Group members participated: Ber Vang, Chair (CA); Shane Mead, Vice Chair (KS); Blase Abreo (AL); Ken Roulier and Michael Shanahan (CT); Ricardo Mancilla (IL); Dmitriy Valekha (MD); Kim Dobbs (MO); Andrea Johnson (NE); Eileen Fox (NY); and Colton Schulz (ND).

1. Exposed the Decision Framework

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 IT Examination (E) Working Group adopted a two-step approach. The first step was completed last year, and a drafting group was formed this year for the second step, which is to separate procedures needed to establish the reliability of IT general controls (ITGC) from those needed to examine cybersecurity. This year's drafting group has created a decision framework to show how this separation will be done.

Topher Hughes (NAIC) stated that the drafting group will alter the previous six-step IT examination process, as two frameworks will be used. The COBIT 2019 framework will be used for the evaluation of ITGC, while the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0 will be used for the evaluation of prospective cyber risk. In the new process, steps one through three will cover ITGC, and steps four through six will cover cyber risk. A seventh step, which is general support of financial examination staff, will encompass the time frame between the end of the third step and the end of the exam.

Hughes also stated that existing processes will be split between these two frameworks, with the new cyber-risk framework becoming a new Exhibit C, Part 3. To help manage the time added by the new cybersecurity planning memo and summary memorandum, IT examiners will also be encouraged to leverage third-party work as applicable, and professional judgment will be used to evaluate the extent to which the cyber risk assessment will be needed for each individual insurer.

Vang stated that one of the main goals of the drafting group was to divide the work between ITGC and cyber risk assessment rather than continually adding to the existing IT exam process to help ensure that future IT examinations require approximately the same time as currently. Mancilla asked for clarification on the timing of the cybersecurity review during a financial exam. Vang stated that the ITGC review will need to be completed before the end of phase two of the financial exam, and that once that is done, the IT examiner may continue with the cybersecurity risk assessment. That work will need to be completed before the end of phase five of the financial exam.

There were no objections to exposing the decision framework for a 30-day public comment period ending Aug. 30. Mead thanked the members of the drafting group for their extensive efforts in developing the decision framework.

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

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