



# NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Date: 3/25/21

*Virtual Meeting  
(in lieu of meeting at the 2021 Spring National Meeting)*

## EXAMINATION OVERSIGHT (E) TASK FORCE

Thursday, March 25, 2021

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

Ohio, Chair	District of Columbia	Minnesota	South Carolina
Tennessee, Vice-Chair	Idaho	Missouri	South Dakota
Alabama	Indiana	Nebraska	Texas
Alaska	Iowa	New Hampshire	Virgin Islands
Arizona	Kansas	New Jersey	Utah
Arkansas	Kentucky	New Mexico	Virginia
California	Louisiana	North Dakota	Washington
Colorado	Massachusetts	Oklahoma	Wisconsin
Connecticut	Michigan	Rhode Island	Wyoming

NAIC Support Staff: Bailey Henning

### AGENDA

1. Consider Adoption of its 2020 Fall National Meeting Minutes—*Dwight Radel (OH)* Attachment One
2. Consider Adoption of its Working Group Reports—*Dwight Radel (OH)*
  - Electronic Workpaper (E) Working Group—*Susan Bernard (CA)*
  - Financial Examiners Coordination (E) Working Group—*Bill Arfanis (CT)*
3. Discuss Any Other Matters Brought Before the Working Group—*Dwight Radel (OH)*
4. Adjournment

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## Draft Pending Adoption

Draft: 11/24/20

Examination Oversight (E) Task Force  
Virtual Meeting (*in lieu of meeting at the 2020 Fall National Meeting*)  
November 17, 2020

The Examination Oversight (E) Task Force met Nov. 17, 2020. The following Task Force members participated: Tynesia Dorsey, Chair, represented by Dwight Radel (OH); Andrew N. Mais, Vice Chair, represented by William Arfanis (CT); Lori K. Wing-Heier represented by David Phifer (AK); Jim L. Ridling represented by Richard Ford (AL); Alan McClain represented by Mel Heaps (AR); Ricardo Lara represented by Susan Bernard (CA); Michael Conway represented by Rolf Kaumann (CO); Karima M. Woods represented by Sean O'Donnell (DC); Trinidad Navarro represented by Rylynn Brown (DE); Doug Ommen represented by Daniel Mathis (IA); Dean L. Cameron represented by Eric Fletcher (ID); Stephen W. Robertson represented by Roy Eft and Jerry Ehlers (IN); Vicki Schmidt represented by Joe McGarry (KS); Sharon P. Clark represented by Jeff Gaither (KY); James J. Donelon represented by Melissa Gibson (LA); Gary Anderson represented by James A. McCarthy and John Turchi (MA); Anita G. Fox represented by Judy Weaver (MI); Grace Arnold represented by Kathleen Orth (MN); Chlora Lindley-Myers represented by John Rehagen and Shannon Schmoeger (MO); Mike Causey represented by Monique Smith (NC); Jon Godfread represented by Colton Schulz (ND); Bruce R. Rame represented by Justin Schrader and Lindsay Crawford (NE); Chris Nicolopoulos represented by Doug Bartlett (NH); Elizabeth Kelleher Dwyer represented by Jack Broccoli (RI); Larry D. Deiter represented by Johanna Nickelson (SD); Carter Lawrence represented by Jonathan Habart (TN); Texas represented by Shawn Frederick (TX); Tanji J. Northrup represented by Jake Garn (UT); Scott A. White represented by Greg Chew (VA); Mark Afile represented by Amy Malm (WI); and Jeff Rude represented by Linda Johnson (WY).

### 1. Adopted its Sept. 10 Minutes

The Task Force conducted an e-vote that concluded Sept. 10 to: 1) adopt its 2019 Fall National Meeting minutes; and 2) adopt its 2021 proposed charges.

Ms. Orth made a motion, seconded by Ms. Bernard, to adopt the Task Force's Sept. 10 minutes (Attachment One). The motion passed unanimously.

### 2. Adopted the Reports of its Working Groups

#### a. Electronic Workpaper (E) Working Group

The Electronic Workpaper (E) Working Group met Oct. 1 and July 13 in regulator-to-regulator session, pursuant to paragraph 4 (internal or administrative matters of the NAIC or any NAIC member) of the NAIC Policy Statement on Open Meetings, to continue discussions in evaluating replacement options for TeamMate AM, which will be reaching its end of life in 2023.

#### b. Financial Examiners Coordination (E) Working Group

The Financial Examiners Coordination (E) Working Group met Nov. 10, July 31, March 23 and March 4 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to receive reports on exam coordination efforts from selected states.

#### c. Financial Analysis Solvency Tools (E) Working Group

The Financial Analysis Solvency Tools (E) Working Group met Nov. 4 and Sept. 23 and conducted an e-vote that concluded Aug. 26 to discuss changes to the *Financial Analysis Handbook* and the Insurance Regulatory Information System (IRIS) for 2020 annual financial statement filings. The Working Group also adopted:

1. A change to one life IRIS ratio to account for blanks changes.
2. Various updates to the *Financial Analysis Handbook*, including: 1) guidance and procedures for long-term care insurance (LTCI), risk retention groups (RRGs), P/C actuarial review, non-troubled insurers, separate accounts; and 2) revised guidance and review templates for financial analysis of Own Risk and Solvency Assessments (ORSA) summary reports.

## Draft Pending Adoption

### d. Financial Examiners Handbook (E) Technical Group

Ms. Bernard said the Financial Examiners Handbook (E) Technical Group met Nov. 12 and Oct. 5 to adopt revisions to the *Financial Condition Examiners Handbook* on the following topics:

1. Reinsurance: Updated narrative guidance in Section 1-5: Reinsurance Review to incorporate concepts from the recently updated *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786), which extend the ability for U.S. ceding insurers to obtain credit for reinsurance for reinsurance ceded to reinsurers from Reciprocal Jurisdictions with no collateral requirements. The proposed revisions add a definition for “reciprocal jurisdiction reinsurers” and describe the requirements for obtaining a credit for reinsurance in this circumstance.
2. Annual Repository Maintenance: Updated Reserves/Claims Handling Life, Reserves/Claims Handling – Health and Reserves/Claims Handling – Property/Casualty (P/C) examination repositories to ensure the repositories contain appropriate and relevant risks and procedures. As part of this project, some minor revisions were also added to the narrative guidance in Section 1-6: Life Insurance Reserves Review.
3. LTCI: New guidance to incorporate consideration of LTCI, including: 1) additional narrative guidance in Section 1-6: Life Insurance Reserves Review; 2) several new risks and/or procedures added to the Reserves/Claims Handling – Life and Underwriting exam repositories; and 3) additional questions on Exhibit Y – Examination Interviews, which the examiner may consider asking when interviewing the chief actuary. These revisions are consistent with those adopted by the Financial Analysis Solvency Tools (E) Working Group during its Nov. 4 meeting.
4. Exhibit M – Corporate Governance and to the Reserves/Claims Handling – P/C exam repository to incorporate feedback from the Actuarial Opinion (C) Working Group and the Casualty Actuarial and Statistical (C) Task Force regarding the definition of a qualified actuary per the P/C Statement of Actuarial Opinion.
5. ORSA-related guidance within Section 1-11, Exhibit M – Corporate Governance and Exhibit AA – Summary Review Memorandum.

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

Mr. Ehlers said the Information Technology (IT) Examination (E) Working Group met Oct. 29 and Sept. 17 to adopt revisions to the *Financial Condition Examiners Handbook* on the following topics:

1. Revisions to Exhibit C, Part Two, IT Planning Questionnaire to include “cyber self-assessments” as a report that may be obtained during IT planning.
2. Updates to the Exhibit C Mapping tool, which is available on the Working Group’s web page.

Ms. Malm made a motion, seconded by Ms. Bernard, to adopt reports of the Electronic Workpaper (E) Working Group, the Financial Analysis Solvency Tools (E) Working Group (Attachment Two), the Financial Examiners Coordination (E) Working Group, the Financial Examiners Handbook (E) Technical Group (Attachment Three) and the Information Technology (IT) Examination (E) Working Group (Attachment Four).

Having no further business, the Examination Oversight (E) Task Force adjourned into regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to receive reports on exams open past 22 months.

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