

## Draft Pending Adoption

Draft: 8/3/21

Receivership and Insolvency (E) Task Force  
Virtual Meeting (*in lieu of meeting at the 2021 Summer National Meeting*)  
July 27, 2021

The Receivership and Insolvency (E) Task Force met July 27, 2021. The following Task Force members participated: Doug Slape, Chair, represented by James Kennedy (TX); James J. Donelon, Vice Chair, represented by Nick Lorusso (LA); Michael Conway and Rolf Kaumann (CO); Andrew N. Mais represented by Jared Kosky (CT); David Altmaier represented by Toma Wilkerson (FL); Colin M. Hayashida represented by Patrick P. Lo (HI); Dana Popish Severinghaus represented by Kevin Baldwin (IL); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Bill Clark (KY); Gary D. Anderson represented by Cara Toomey (MA); Eric A. Cioppa represented by Robert Wake (ME); Anita G. Fox represented by James Gerber (MI); Chlora Lindley-Myers and Shelley Forrest (MO); Mike Causey represented by Jeff Trendel (NC); Eric Dunning and Lindsay Crawford (NE); Russell Toal (NM); Glen Mulready represented by Donna Wilson (OK); Jessica K. Altman represented by Laura Lyon Slaymaker (PA); Elizabeth Kelleher Dwyer represented by Matt Gendron (RI); and Raymond G. Farmer represented by Daniel Morris (SC).

### 1. Adopted its May 20 Minutes

The Task Force met May 20 and took the following action: 1) adopted its March 12 minutes; and 2) adopted amendments to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450).

Superintendent Toal made a motion, seconded by Mr. Baldwin, to adopt the Task Force's May 20 minutes (Attachment One). The motion passed unanimously.

### 2. Adopted the Report of the Receivership Financial Analysis (E) Working Group

Ms. Wilson said the Receivership Financial Analysis (E) Working Group met March 1, in lieu of the Spring National Meeting, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss companies in receivership. The Working Group plans to meet Aug. 5, in lieu of the Summer National Meeting, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings.

Ms. Wilson made a motion, seconded by Mr. Kaumann, to adopt the Working Group's report. The motion passed unanimously.

### 3. Adopt the Report of the Receiver's Handbook (E) Subgroup

Mr. Baldwin said the Receiver's Handbook (E) Subgroup met June 14 and May 26. During these meetings, the Subgroup formed drafting groups to begin work on developing edits to each chapter of the *Receiver's Handbook for Insurance Company Insolvencies* (Handbook) to make it more user friendly and concise without diminishing its value to seasoned and new receivers. The drafting group has begun work drafting revisions to the first chapter.

Superintendent Toal made a motion, seconded by Ms. Wilson, to adopt the Subgroup's report (Attachment Two). The motion passed unanimously.

### 4. Adopted the Report of the Receivership Law (E) Working Group

Mr. Baldwin said the Receivership Law (E) Working Group met May 4 to adopt amendments to Model #440 and Model #450. The amendments address the Working Group's charge related to the continuation of essential services by affiliates of an insurer in receivership, as well as receiver's access to data and records held by affiliates belonging to the insurer in receivership. Given that the work of the Receiver's Handbook (E) Subgroup has begun, the Working Group recommended the development of guidance related to the model changes by the Subgroup as part of its charge to update the Handbook. These actions complete the Working Group's current charge related to the Macroprudential Initiative (MPI).

Mr. Baldwin made a motion, seconded by Ms. Slaymaker, to adopt the Working Group's report (Attachment Three). The motion passed unanimously.

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Mr. Kennedy said that once the Executive (EX) Committee and Plenary adopts the amendments to Models #440 and #450, the Financial Standards and Accreditation (F) Committee will ask the Task Force for a recommendation regarding the accreditation requirement for these models, which have a “substantially similar” standard. He said that NAIC staff will send out a memo requesting input from members after the Summer National Meeting.

Mr. Wake recommended that the Task Force continue to monitor the Penn Treaty Network America Insurance Company liquidation, given the recent opinion from the Pennsylvania court.

### 5. Adopt its 2022 Proposed Charges

Mr. Kennedy discussed the 2022 proposed charges of the Task Force and its working groups and subgroup. The proposed charges would remain the same, with one exception. The charges of the Receivership Law (E) Working Group related to the MPI will be deleted, as this has been completed.

Superintendent Toal made a motion, seconded by Ms. Wilson, to adopt the Task Force’s 2022 proposed charges (Attachment Four). The motion passed unanimously.

### 6. Heard an Update on International Resolution Activities

Mr. Kennedy said the International Association of Insurance Supervisors (IAIS) Resolution Working Group completed the *Application Paper on Resolution Powers and Planning*. The Working Group will begin work on an application paper on policyholder protection schemes in September.

### 7. Heard an Update on the Status of MPI Recommendations

#### a. Training and Outreach to State Insurance Departments

Mr. Kennedy said the Task Force will plan more training on receivership matters to educate state insurance departments, specifically their legal and legislative staff. He said the NAIC staff will include new model and guideline amendments in upcoming meetings with legislative liaisons. He asked for volunteers from Task Force members to present on these topics during zone meetings in the fall.

#### b. Monitor the Work of Other NAIC Groups

Mr. Kennedy said the Group Solvency Issues (E) Working Group is in the process of reviewing comments on draft updates to financial analysis guidance, including guidance regarding crisis management groups, recovery planning, and resolution planning for internationally active insurance groups (IAIGs). The Working Group is meeting Aug. 4, and will hear from commentors on the draft guidance.

Having no further business, the Receivership and Insolvency (E) Task Force adjourned.

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