

*Virtual Meeting
(in lieu of meeting at the 2020 Fall National Meeting)*

RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

Thursday, November 19, 2020

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

Summary Report

The Receivership and Insolvency (E) Task Force met Nov. 19, 2020. During this meeting, the Task Force:

1. Adopted its Oct. 7 minutes, which included the following action:
 - a. Adopted its Summer National Meeting minutes.
 - b. Adopted proposed 2021 charges for the Task Force and its Working Groups.
 - c. Discussed comments received on key provisions of receivership and guaranty fund laws.
2. Adopted the report of the Receivership Financial Analysis (E) Working Group, which met Nov. 2 in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group discussed the status of individual receiverships. The Working Group requested regulator and interested party comments on best practices to address the impact of the pandemic on the administration of receiverships. Comments are due Dec. 4.
3. Adopted the report of the Receivership Large Deductible Workers' Compensation (E) Working Group, which met Nov. 5 and Sept. 30 and took the following action:
 - a. Adopted the *Guideline for Administration of Large Deductible Policies in Receivership*.
 - b. Adopted updated guidance for the *Receiver's Handbook for Insurance Company Insolvencies* (Receiver's Handbook) for large deductible policies.
4. Adopted the report of the Receivership Law (E) Working Group, which met Oct. 29 and Aug. 25. The Working Group also met Aug. 18 in regulator-to-regulator session, pursuant to paragraph 6 (consultation with NAIC staff members) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group took the following action:
 - a. Adopted updated guidance for the Receiver's Handbook for qualified financial contracts (QFCs).
 - b. Discussed comments and recommendations received for remedies to ensure continuity of essential services and functions to an insurer in receivership, including changes to the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450). The Working Group will begin drafting changes to Section 5 of Model #440 and Section 19 of Model #450 for discussion during a future meeting.
5. Adopted the *Guideline for Administration of Large Deductible Policies in Receivership*, which provides alternative language for the *Insurer Receivership Model Act* (#555), Section 712—Administration of Loss Reimbursement Policies.
6. Adopted updated guidance for the Receiver's Handbook for large deductible policies and QFCs. The revisions for large deductible policies were adopted subject to the NAIC adoption of the *Guideline for Administration of Large Deductible Policies in Receivership*.
7. Exposed a new draft model *Guideline for the Definition of Reciprocal State in Receivership Laws* for a 42-day public comment period ending Dec. 31.
8. Heard an update on discussions on the Financial Regulation Standards and Accreditation Program Part A standards for receivership and guaranty fund laws. The ad hoc group met Nov. 4 to consider drafting clarifications to accreditation interlineations to provide guidance on the intended outcome of a state's receivership and guaranty association laws. Further discussion is expected in the future.
9. Adopted a report to the Financial Stability (EX) Task Force that outlines the conclusions from the evaluation of receivership and guaranty fund laws and practices in the context of the Macroprudential Initiative (MPI).

10. Heard an international resolution update that highlighted activities of the International Association of Insurance Supervisors (IAIS). The IAIS Resolution Working Group finalized the *Application Paper on Resolution Planning*, which is available on the IAIS website. Comments on the paper are due to the IAIS by Feb. 5, 2021. The Resolution Working Group will begin work on an application paper on policyholder protection schemes in 2021.

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