Draft date: 10/28/26

Virtual Meeting

JOINT MEETING OF THE EXAMINATION OVERSIGHT (E) TASK FORCE AND FINANCIAL EXAMINERS HANDBOOK (E) TECHNICAL GROUP
Tuesday, November 10, 2025
11:00 – 11:30 a.m. ET / 10:00 – 10:30 a.m. CT / 9:00 – 9:30 a.m. MT / 8:00 – 8:30 a.m. PT

ROLL CALL

EXAMINATION OVERSIGHT (E) TASK FORCE

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	Alabama
Heather Carpenter	David Phifer	Alaska
Peter M. Fuimanono	Elizabeth Perri	American Samoa
Ricardo Lara	Laura Clements	California
Michael Conway	Rolf Kaumann/Carol Matthews	Colorado
Joshua Hershman	William Arfanis	Connecticut
Trinidad Navarro	Rylynn Brown	Delaware
Michael Yaworsky	Chad Mason	Florida
Holly W. Lambert	Jerry Ehlers	Indiana
Doug Ommen	Daniel Mathis	Iowa
Vicki Schmidt	Tish Becker	Kansas
Sharon P. Clark	Jeff Gaither	Kentucky
Michael T. Caljouw	John Turchi	Massachusetts
Anita G. Fox	Kristin Hynes	Michigan
Julia Dreier	Kathleen Orth	Minnesota
Mike Chaney	Mark Cooley	Mississippi
Angela L. Nelson	Shannon Schmoeger	Missouri
Eric Dunning	Tadd Wegner	Nebraska
Ned Gaines	Hermoliva Abejar	Nevada
Susan Ochs	Susan Ochs	New Jersey
Alice T. Kane	Alice T. Kane	New Mexico
Glen Mulready	Eli Snowbarger	Oklahoma
TK Keen	Teresa Borrowman	Oregon
Michael Humphreys	Diana L. Sherman	Pennsylvania
Elizabeth Kelleher Dwyer	John Tudino	Rhode Island
Michael Wise	Linda Haralson	South Carolina
Larry D. Deiter	Johanna Nickelson	South Dakota
Amanda Crawford	Shawn Frederick	Texas

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Scott A. White	Jennifer Blizzard	Virginia
Patty Kuderer	Tarik Subbagh	Washington
Erin K. Hunter	Justin E. Parr	West Virginia
Nathan Houdek	Amy Malm	Wisconsin

NAIC Support Staff: Elise Klebba/Bailey Henning

FINANCIAL EXAMINERS HANDBOOK (E) TECHNICAL GROUP

Eli Snowbarger, Co-Chair	Oklahoma	Andrea Johnson	Nebraska
John Litweiler, Co-Chair	Wisconsin	Colin Wilkins	New Hampshire
Laura Clements	California	Nancy Lee Chice	New Jersey
William Arfanis	Connecticut	Monique D. Smith	North Carolina
N. Kevin Brown	District of Columbia	Tracy Snow/Zachary Wheatley	Ohio
Cindy Andersen	Illinois	Diana L. Sherman	Pennsylvania
Grace Kelly	Minnesota	Jennifer Blizzard	Virginia
Shannon Schmoeger/Sara McNeely	Missouri	Tarik Subbagh	Washington

AGENDA

1. Receive Comment Letters and Consider Adoption of Proposed Revisions to the Financial Condition Examiners Handbook —*John Litweiler (WI)*
   - A. Comment Letters — Attachment 1
   - B. Assessing Private Asset Exposures — Attachment 2
   - C. Unauthorized Offshore Reinsurers — Attachment 3
   - D. Exhibit N – Reinsurance Clauses — Attachment 4

2. Consider Adoption of its Oct. 9 and Aug. 7 Meeting Minutes —*Zachary Wheatley (OH)* — Attachment 5

3. Consider Adoption of the Reports of its Working Group and Technical Group —*Zachary Wheatley (OH)*
   - A. Financial Analysis Solvency Tools (E) Working Group—*Danielle Smith (MO)* — Attachment 6
   - B. Financial Examiners Handbook (E) Technical Group—*Eli Snowbarger (OK)* — Attachment 7
   - C. Information Technology (IT) Examination (E) Working Group—*Ber Vang (CA)* — Attachment 8

4. Discuss Any Other Matters Brought Before the Task Force — *Zachary Wheatley (OH)*

5. Adjournment

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November 4, 2026

Eli Snowbarger, Co-Chair
John Litweiler, Co-Chair
Financial Examiners Handbook (E) Technical Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: Exposure of Updated Revisions to the Financial Condition Examiner's Handbook

Submitted Electronically

Dear Co-Chairs Snowbarger and Litweiler:

The American Council of Life Insurers (ACLI) appreciates the Technical Group's consideration of the comments provided in our October 9 letter and the opportunity to review the revisions made in response to comments received.

We also appreciate the Technical Group providing an exposure period to allow ACLI and other interested parties to consider these revisions. After reviewing the exposure, ACLI does not suggest any other immediate changes.

We offer one suggestion for your consideration in the future, depending on the outcome of the Financial Condition (E) Committee's review of the Disclosure of Material Transactions Model Act. If the Committee revises the Model Act, then we would suggest reviewing the Financial Condition Examiners Handbook and making any updates needed to ensure consistency. We would suggest coordinating those updates with the Financial Analysis Handbook to ensure consistency in definitions and treatment where possible.

Thank you again for your consideration of our comments and for the opportunity to provide input.

Sincerely,





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Managing Director, Investment & Capital Markets Policy
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American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

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ATHENE

November 6, 2026

Eli Snowbarger and John Litweiler, Co-Chairs
Financial Examiners Handbook (E) Technical Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197
Via email: tlenz@naic.org; Bhenning@naic.org

Re: Re-exposed Financial Condition Examiners Handbook Revisions

Dear Co-Chairs Snowbarger and Litweiler:

Athene Holding Ltd. (Athene) appreciates the opportunity to comment on the Financial Examiners Handbook (E) Technical Group's revised draft amendments to the *Financial Condition Examiners Handbook* (Handbook). Athene is a leading retirement services company that issues and reinsures annuity products, helping millions of Americans secure their retirement. We engage constructively with the NAIC and state regulators to support a solvency framework that is transparent, analytically grounded, and calibrated to protect policyholders.

As stated in our October 9, 2026 letter, Athene supports the Technical Group's efforts to enhance the reinsurance guidance in the Handbook. The June 16 referral memorandum to the Technical Group from the chairs of the Financial Analysis Working Group, Valuation Analysis Working Group, and Investment Analysis Working Group cited concerns with the emergence of "unauthorized jurisdictions" as growing destinations for life and annuity reinsurance. The referral contrasts Bermuda, a "reciprocal jurisdiction" that regulators view favorably, with unauthorized jurisdictions, where regulators report significant concerns about capital and reserving frameworks, transparency, and collaboration.

The Technical Group's revised draft refers to "reinsurers domiciled in jurisdictions presenting additional jurisdictional, transparency, capital, reserving or collateral-related risks." While this language identifies the concerns raised in the referral memorandum, examiners would presumably be responsible for determining which jurisdictions should be in scope. That could lead to inconsistencies among the states, and the NAIC has already made these judgments through its process for recognizing reciprocal jurisdictions.

We recommend that the Technical Group amend the draft language to apply to reinsurers "**located outside of reciprocal jurisdictions**." This appears to align with the intent of the June 16 referral. Reciprocal jurisdiction is a defined term in the Credit for Reinsurance Model. Reciprocal jurisdiction recognition is a consequential act and the standards to achieve it are demanding. The Financial Condition (E) Committee's July 27 referral to the Life RBC Working Group draws this distinction, directing a new recapture risk factor for reinsurance "located outside of reciprocal jurisdictions." As emphasized in the subsequent October 26 memorandum from E Committee Chair Nathan Houdek to the Life RBC Working Group, cessions to non-reciprocal jurisdictions represent "a serious and urgent solvency concern that requires immediate, direct action."

We also recommend that the Technical Group coordinate with FASTWG to ensure consistent terminology is used in both handbooks.

Athene appreciates the Technical Group's consideration and remains available to support these revisions.

Respectfully submitted,



Kimberly Welsh
Senior Vice President, Government and Regulatory Affairs
Athene Holding Ltd.

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EXAMINATION REPOSITORY – INVESTMENTS

Annual Statement Blank Line Items

Listed below are the corresponding Annual Statement line items that are related to the identified risks contained in this exam repository:

Bonds
Stocks (Preferred and Common)
Mortgage Loans on Real Estate
Cash, Cash Equivalents and Short-Term Investments
Derivatives
Other Invested Assets
Securities Lending – Reinvested Collateral Assets

Other Annual Statement line items related to investments, whose risks are less common, have not been included in this examination repository. They include the following:

Real Estate
Aggregate Write-Ins for Invested Assets
Contract Loans
Receivables for Securities
Payable for Securities
Investment Income Due and Accrued *(P&C Companies)*
Drafts Outstanding
Unearned Investment Income *(Life Companies)*
Liability for Deposit-Type Contracts *(Life Companies)*
Miscellaneous Liabilities – Asset Valuation Reserve
Contract Liabilities Not Included Elsewhere – Interest Maintenance Reserve
Contract Liabilities Not Included Elsewhere – Surrender Values on Cancelled Contracts *(Life Companies)*

Relevant Statements of Statutory Accounting Principles (SSAPs)

All of the relevant SSAPs related to the investment process, regardless of whether or not the corresponding risks are included within this exam repository, are listed below:

No. 2 — Cash, Cash Equivalents, Drafts, and Short-Term Investments
No. 7 — Asset Valuation Reserve and Interest Maintenance Reserve
No. 21 — Other Admitted Assets
No. 23 — Foreign Currency Transactions and Translations
No. 26 — Bonds
No. 30 — Unaffiliated Common Stock
No. 32 — Preferred Stock
No. 34 — Investment Income Due and Accrued
No. 37 — Mortgage Loans
No. 38 — Acquisition, Development and Construction Arrangements
No. 39 — Reverse Mortgages
No. 40 — Real Estate Investments
No. 41 — Surplus Notes
No. 43 — Asset-Backed Securities
No. 44 — Capitalization of Interest
No. 48 — Joint Ventures, Partnerships and Limited Liability Companies
No. 49 — Policy Loans

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No. 56 — Separate Accounts
No. 74 — Insurance-Linked Securities Issued Through a Protected Cell
No. 83 — Mezzanine Real Estate Loans
No. 86 — Derivatives
No. 90 — Impairment or Disposal of Real Estate Investments
No. 93 — Investments in Tax Credit Structures
No. 97 — Investments in Subsidiary, Controlled and Affiliated Entities
No. 103 — Transfers and Servicing of Financial Assets and Extinguishments of Liabilities

† Risks identified with this symbol may warrant additional procedures or consideration at the head of the internationally active insurance group (IAIG) or level at which the group manages its aggregated risks. Where IAIGs have a decentralized business model, at least in regard to certain operations and management of related risks, examiners should consider evaluating those risks at the subgroup or legal entity level. Refer to Section 1, Part I for additional guidance for examinations of IAIGs.

*Note: For purposes of this repository, examiners should refer to the definition of private credit contained within the Financial Analysis Handbook – III.B.1 Credit Risk Assessment. References to private credit within this repository are intended to encompass the same investments and exposures identified in that guidance.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
Other Than Financial Reporting Risks						
The insurer's investment portfolio and strategy are not appropriately structured to support its ongoing business plan. †	MK CR	Other	AIPS LC	The insurer has a governance structure that routinely challenges, approves and reviews its investment strategy and portfolio in conjunction with the risks facing the business. The insurer considers, current market conditions (including interest rates) and takes into account shifting markets and near-term expectations. The insurer has an investment strategy based on its tolerance for market risks (including market price volatility, securities lending and interest rate risks) with guidelines as to the quality, maturity/duration, expected rates of return, different investment structures and diversification of investments. The insurer has an investment strategy that	Review the insurer's investment committee and governance structure related to the portfolio decisions. Consider level of expertise in relation to the complexity of the company's investment strategy, as appropriate. Review recent committee minutes for evidence of discussions related to future market expectations. Review the insurer's investment policy to determine if guidelines relating to the quality, maturity and diversification of investments in accordance with market risk factors have been included in the policy. Review how the insurer tracks performance of	Review recent performance and benchmark reports in comparison with the company's plan. Review the insurer's investment policy guidelines for appropriateness relating to market risks. Determine whether market risk management specific to high-risk investments is adequate by using an investment specialist. Use the I-Site+ insurer's Snapshot Investment Summary to identify high risk investments where the company's position is greater than average for its competitors in areas such as: • Bonds with call options and varied payment timing. • Foreign investments. • Hybrid capital securities.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				includes a counterparty risk appetite statement, if applicable, and outlines asset allocation by asset type, credit quality, duration and liquidity, with acceptable ranges based on the different investments and their specific characteristics. Correlations across different assets are considered within the strategy. The insurer performs routine stress testing and/or scenario analysis that specifically takes into account recent and expected market value volatility by sector and industry in order to determine whether adjustments to the insurer's investment strategy are necessary. The insurer has its own process that is not solely dependent upon credit rating agencies, including private letter ratings, to evaluate the credit worthiness of securities	different asset classes, with a particular focus on market value volatility and losses/impairments. Review the insurer's most recent stress testing/scenario analysis testing documentation to determine the adequacy of the insurer's analysis. Ensure inclusion of complex and volatile assets in investment policy, director review, stress testing, and asset liability matching. Review the insurer's investment policy and processes to understand the inputs into such decisions and the extent to which it requires credit analysis and is not solely	• Mezzanine loans. • Affiliated investments. • Residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), asset-backed securities (ABS) CO/collateralized loan obligation (CLO) or similar bond collateral types. • Structured securities on negative watch Perform stress testing/scenario analysis on the insurer's investment portfolio (by using an investment specialist if necessary) to identify potential solvency risks. Test the insurer's investments for compliance with its corporate strategy and

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				for investment purposes. The process is used prior to significant purchases and on an ongoing basis. The insurer monitors its asset concentrations (including private assets that are less transparent) by industry, borrower type, and other relevant risk characteristics. The insurer monitors its reliance on private letter ratings, including concentrations in the use of a particular rating agency, especially for single-rated investments, and considers such information as part of its broader ~~credit~~ investment risk management framework. The insurer has a process in place to monitor key risk indicators for private credit investments, as appropriate to the	reliant on credit rating agencies, including private letter ratings. Obtain evidence of the insurer's process to research the quality of the investments. Review documentation demonstrating that the insurer monitors asset concentrations (including private credit) by industry, borrower type and/or any other relevant risk characteristics. Review documentation demonstrating that the insurer monitors concentration in the use of private letter ratings and individual rating agencies and considers whether concentrations create risks that warrant additional review. Review evidence demonstrating the insurer has a process in place for monitoring key risk identifiers noted, specifically for private credit investments.	investment policy guidelines. Obtain and review a sample of private letter rating documentation to understand the insurer's use of the rating and its role within the insurer's overall investment risk management process. If concerns are identified regarding the support for, or reliance placed upon, a private letter rating, consider involving an investment specialist and performing additional procedures to evaluate the support for the rating. ~~firm's rationale and appropriateness of the rating.~~ Review the concentration of credit rating agencies utilized to value private credit investments for appropriateness.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				investment structure, such as: • Defaults • Payment-in-Kind (PIK), both at origination and ongoing monitoring • Non-accruals • Spreads (widening or tightening) The insurer's/group's investment strategy establishes criteria for intra-group investments, when applicable, including: • Liquidity • Contagion or reputational risk • Valuation uncertainty • Impact on capital resources • Nature of the group (or IAIG) business • Financial condition of the legal entities within the group	Review the insurer's/group's investment strategy to determine if guidelines relating to intra-group investments are included.	
The insurer's investment portfolio	ST MK	Other	AIPS	The insurer has a methodology to identify	Review the NAIC Climate Disclosure Survey, if	Compare information provided in the climate

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
					advisors and sub-advisors.	
Structured security, private credit, or other complex investments originated and managed by an affiliate or related party may present an increased exposure to solvency risks. **Note:** References to affiliates and related parties within this repository should be interpreted consistently with applicable guidance, including the Insurance Holding Company System Regulatory Model Act (#440), SSAP No. 25—Affiliates and Other Related Parties, and related Annual Statement reporting	CR ST MK	Other	AIPS VIIA	The insurer verifies that its affiliate/related party asset manager has adequate experience and knowledge in originating and managing the types of investments held by the insurer. The insurer verifies that its affiliate/related party asset manager follows appropriate underwriting practices in originating investments and performs an independent	Review documentation demonstrating that management reviews the credentials of the affiliate/related party, including confirming registration as investment advisor/manager and that actual or potential conflicts of interest are identified, disclosed, governed, and appropriately managed. ~~that no conflict of interest exists.~~ Obtain and review evidence of the affiliate/related party asset manager's experience and knowledge in originating and managing the types of investments held by the insurer. Review internal audit (IA) work, board minutes,	Review significant investment advisory/management agreements for appropriate provisions. Test the insurer's investments for compliance with its investment policy guidelines and regulatory requirements. If necessary, use an investment specialist to analyze the insurer's structured securities and/or private credit portfolio. Review Jumpstart reports to identify potential designation exceptions for structured securities and address exceptions, as appropriate. If deemed necessary, review individual securities for

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
requirements. Examiners should consider the nature of the relationship and the role performed when evaluating the associated risks.				evaluation, when warranted, of credit quality, structure and risk characteristics, rather than relying solely on affiliate analysis. The insurer has established criteria for evaluating affiliate or related-party originated investments and demonstrates the ability to challenge and reject transactions that do not meet its investment guidelines, risk tolerance, and/or product/line of business needs. The insurer has established guidelines for investments originated and managed by affiliates/related parties to ensure that: • The fee structure is transparent, equitable, and avoids overlapping and excessive fees. • The terms of investments are fair and	and/or other documentation demonstrating effective oversight of the affiliated/related party asset origination process, including evidence that management monitors adherence to established underwriting practices and evaluates whether investments are consistent with the insurer's risk appetite, investment guidelines and/or product/line of business needs. Review documentation demonstrating that the insurer has reviewed the economic substance of investments originated and managed by an affiliate or related party for compliance with regulatory investment limitations and reporting	compliance with NAIC designation reporting requirements. If deemed appropriate, select a sample of material investments and review the underlying details to determine if the investments are properly classified in the respective investment schedules in the annual statement.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				reasonable relative to comparable third-party transactions, where available, or are otherwise supported by relevant evidence. • The economic substance of investments, including underlying collateral and structural features, is evaluated rather than relying solely on ratings. • Concentration of such investments is in accordance with affiliated investment limitations, including consideration of exposure by individual affiliate, type of structure, and overall portfolio impact, and concentrations identified through	requirements, and has evaluated whether the terms of affiliated private credit and structured security investments are fair and reasonable in relation to comparable third-party transactions. Review documentation demonstrating that the insurer monitors investment concentrations by individual affiliate, type of structure and overall portfolio impact.	

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				private security code reporting (e.g., Schedule D, Column 37) and Note 5T private securities disclosures. • Investments offered to the public are in compliance with applicable requirements. The insurer has a process in place to have its structured securities effectively rated by a qualified third party and assesses the appropriateness of ratings and designations. The insurer has a process in place to ensure that investments managed and originated by affiliates/related parties are properly identified and reported in accordance with statutory accounting guidelines. • This includes proper classification of	Obtain documentation demonstrating management's review and approval of third-party ratings for structured securities. Review the insurer's process for identifying reporting investments managed and originated by affiliates/related parties, and determine whether it is operating effectively.	

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				The insurer has a process in place to ensure the correct currency conversion is used in accordance with SSAP No. 23. If investment transaction services are outsourced, the insurer either audits the performance of its service providers on a regular basis or obtains and reviews a Service Organization Control (SOC) 1 report on a regular basis. The insurer has processes to evaluate the valuation of private credit investments where observable market prices are not readily available, including valuation information obtained from investment managers, pricing vendors, valuation agents, or other third-party sources to the extent deemed qualified and independent. Where	Discuss with management the process used to ensure correct currency conversions are in place. Test the process to determine whether these procedures are reasonable and operating as intended. Obtain and review the insurer's audit reports of its service providers or available SOC 1 Type II reports from investment managers/custodians, and review for evidence of periodic managerial review. Review the insurer's process for evaluating the valuation of private credit investments when observable market pricing is limited. Test the process to determine whether these procedures are reasonable and operating as intended. Review the insurer's process for obtaining valuation information from	are identified, determine whether they have been properly valued and disclosed in accordance with SSAP No. 103. Select a sample from the insurer's wash sale listing and determine whether they have been properly valued and disclosed in accordance with SSAP No. 103.* Select a sample in which a currency conversion was used. Independently price the conversion factor, and compare with the insurer's calculation. If deemed appropriate, select a sample of private credit investments and review supporting documentation to evaluate whether reported values are supported by available information and consistent with the insurer's valuation processes. **Note:** Private credit investments may be

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				qualified and independent third-party valuation information is not available, the insurer evaluates cash flows, covenant compliance, comparable market information, impairment indicators, and other relevant risk indicators used to support reported values. ~~consideration of borrower financial performance, expected cash flows, covenant compliance, comparable market information, impairment indicators, and other relevant risk indicators used to support reported values.~~	investment managers, pricing vendors, valuation agents, or third-party sources. Determine whether management has evaluated the qualifications and independence of the source and reviews the resulting valuation information for reasonableness.	identified through annual statement reporting (e.g., Schedule D fair values of level 2D-3), including private placement identifiers, private letter ratings (PLRs), Schedule BA classifications, and fair value hierarchy disclosures. Select a sample of private credit investments that were subject to independent valuation review and inspect supporting documentation to determine whether the insurer compared third-party valuation information to investment manager reported values and appropriately evaluated material differences.
				The insurer has a process to periodically obtain independent third-party valuation information for selected private credit investments when warranted. ~~by identified~~	Review the insurer's process for obtaining and evaluating independent third-party valuation information for selected private credit investments and determine whether identified valuation	If necessary, use an investment specialist and/or actuary to analyze the valuation of the insurer's private credit investments, including the reasonableness of reported values,

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				~~valuation concerns and~~ Compare the results to investment manager and annual statement reported valuations.	differences are appropriately reviewed and resolved.	supporting assumptions, available market information, and consistency with the insurer's valuation policies and procedures.
The insurer may not properly write down the value of securities that are other than temporarily impaired.	CR LQ	VA PD	VIIA	The insurer has a process in place to monitor potentially impaired securities, including the valuation of private credit and other investments where observable market inputs are limited. Potential impairments are identified on a watch list to provide a heightened level of management oversight. Written policies and procedures provide guidance to determine other-than-temporarily impaired (OTTI) securities. The insurer's policy should follow the appropriate guidance (statutory accounting principles [SAP] or generally accepted accounting principles [GAAP]).	Verify that the insurer has a watch list. Review and ensure it has been reviewed by management. Inquire as to how often the list is updated. Verify that the insurer is aware of the OTTI guidance and what the suggested triggers are. Verify that triggers are consistent with applicable SAP and GAAP reporting. Test the operating effectiveness of the OTTI triggers.	Test the insurer's watch list for completeness. Review Schedules B, D and BA for potentially impaired securities. Review downgraded securities and investments with substantial differences between amortized cost and fair value to identify potentially impaired securities. Review the insurer's classification of impairment, and determine whether the classification is appropriate. Review supporting documentation of write-downs posted in the appropriate time period.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				The insurer has a policy in place to ensure impairments (OTTI and permanent) are written down in a timely manner and disclosed, as appropriate, under SAP or GAAP. Insurer management receives regular communication on impairments from asset management. The insurer has processes to identify and monitor investment structures that may delay or obscure indications of credit deterioration, including investments with payment-in-kind (PIK) or deferred interest.	Review the insurer's policy, and determine whether it is operating effectively. Review the asset manager's process for communicating impairments. Review the insurer's process for identifying and monitoring investments with PIK or other non-cash interest features and determine whether the process is operating effectively.	Select a sample of investments with PIK or deferred interest features and review supporting documentation to determine the appropriateness of the credit quality and performance of ~~the~~ the relevant obligor, collateral pool, transaction structure, or other repayment source~~underlying borrower~~.
The investments in high-risk mortgage loans are incorrectly valued.	CR LQ MK	VA CO	VIIA	The insurer has designated personnel who review the following key risk indicators: • adjusted loan-to-value (ALTV) ~~and~~	Discuss with management and review related evidence on how it monitors ~~the valuation and amortization of~~key risk indicators of mortgage	Obtain a listing of mortgage loans. Select a sample, and recalculate the valuation of the loan, as well as the discount or premium.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				• -debt service coverage ratio (DSC) • Capitalization Rate • , aAmortization of discount or premium • Net Operating Income (NOI) • Weighted Average Lease Expiry (WALE) • Occupancy • Property type • Ageing of past due accounts • -and iImpairment. The personnel would also identify any loans in default/being foreclosed. The insurer has a process in place to ensure that any prepayments of principal and interest are properly recorded in accordance with SSAP No. 37. The insurer has a process in place to ensure that due and accrued interest that is 180 days past due and collectible is non-admitted. The process	loans. Review documentation relating to the valuation process to test whether the process is operating effectively. Discuss with management how prepayments are recorded. Determine whether the process is appropriate and operating effectively. Discuss with management how due and accrued interest is monitored. Determine whether due and accrued interest is analyzed on a quarterly	For a sample of outstanding loans, review documentation on loan-to-value, based on updated value estimates since the last appraisal, debt service coverage ratios and rent rolls on the underlying properties. Obtain a schedule of prepayments. Recalculate and test that the prepayments are recorded in accordance with SSAP No. 37. Obtain a schedule of mortgage loans and the accrued interest over 180 days past due. Ensure the listing is complete. Select a sample of mortgage loans, and recalculate the days past due for accuracy. Take the total 180 days past due report, and agree it to the amount written off within the balance sheet. Obtain a master schedule of appraisal dates. Select a sample of mortgages to

----------Detail Eliminated for Spacing Purposes----------

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EXAMINATION REPOSITORY – REINSURANCE (CEDING INSURER)

Annual Statement Blank Line Items

Listed below are the corresponding Annual Statement line items that are related to the identified risks contained in this exam repository:

Amounts Recoverable from Reinsurers
Funds Held by or Deposited with Reinsured Companies
Other Amounts Receivable Under Reinsurance Contracts
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)
Funds Held by Company Under Reinsurance Treaties (P&C Companies)
Funds Held Under Reinsurance Treaties with Unauthorized Reinsurers (Life Companies)
Provision for Reinsurance
Contract Liabilities Not Included Elsewhere – Other Amounts Payable on Reinsurance
Miscellaneous Liabilities – Reinsurance in Unauthorized Companies (Life Companies)
Funds Held Under Coinsurance (Life Companies)

Risk-Based Capital (RBC) Filing

RCAT (PR027) may be used to identify and assess the insurer's current exposure to catastrophic events at the modeled worst year in 50, 100, 250, and 500 levels on both a gross (direct and assumed) and net basis (after reinsurance).

Relevant Statements of Statutory Accounting Principles (SSAPs)

All of the relevant SSAPs related to the reinsurance process, regardless of whether or not the corresponding risks are included within this exam repository, are listed below:

No. 5 — Liabilities, Contingencies, and Impairments of Assets
No. 25 — Affiliates and Other Related Parties
No. 61 — Life, Deposit-Type and Accident and Health Reinsurance
No. 62 — Property and Casualty Reinsurance
No. 63 — Underwriting Pools
No. 64 — Offsetting and Netting of Assets and Liabilities
No. 65 — Property and Casualty Contracts

† Risks identified with this symbol may warrant additional procedures or consideration at the head of the internationally active insurance group (IAIG) or level at which the group manages its aggregated risks. Where IAIGs have a decentralized business model, at least in regard to certain operations and management of related risks, examiners should consider evaluating those risks at the subgroup or legal entity level. Refer to Section 1, Part I for additional guidance for examinations of IAIGs.

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				insurance-linked securities) • Retention and reinstatement provisions, aggregate versus occurrence structures • Attachment and exhaustion levels		risk where there is heavy reliance on the reinsurer or reviewing the reinsurance treaties to identify exclusions that may leave the insurer exposed to unexpected losses. Consider involving an exam actuary or reinsurance specialist in assessing the adequacy of the insurer's catastrophic reinsurance coverage. The specialist should determine if there are retrospective provisions (such as loss limiting features) that would cause the insurer to retroactively pay a higher reinsurance premium. If this trigger is present, determine if the insurer has the financial resources to pay the higher premium.
The insurer is over-exposed to credit and liquidity risks in its use of reinsurance counterparties. †	CR LQ	Other	AARP	The insurer has policies in place requiring utilization of multiple reinsurers to reduce concentration with any one entity.	Test the operating effectiveness of the insurer's controls to track compliance with the concentration policy. Obtain evidence of the insurer's process to	Based on a review of significant contracts, determine whether the insurer is properly diversified. Perform procedures to evaluate the quality of significant reinsurers

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				The insurer has a process to approve reinsurance counterparties.	approve reinsurance counterparties and to determine the credit worthiness of counterparties.	utilized by the insurer; for example: • Review agency ratings • Review financial results Contact the domestic regulator regarding any concerns.
				The insurer has a process in place to preapprove and set maximum limits to be ceded to reinsurers that are monitored and revised, as necessary.	Obtain evidence of the pre-approval process and documentation of maximum reinsurance limits.	For select reinsurers, verify that the balance currently ceded is within the maximum limits set by the insurer.
				The insurer continually monitors the financial solvency of its reinsurers throughout the duration of the reinsurance contracts.	Obtain evidence of the insurer's ongoing review of its reinsurers and determine whether the scope and depth of review are appropriate.	Evaluate the insurer's exposure to significant reinsurance arrangements ceded to reinsurers domiciled in certain jurisdictions presenting additional jurisdictional, transparency, capital, reserving or collateral-related risks ~~Unauthorized Offshore reinsurers~~ by reviewing the financial condition, credit ratings, and other available financial information of selected reinsurers and assessing the potential impact of deterioration in the reinsurer's financial condition on the insurer's
				The insurer considers the possibility of material changes in the reinsurer's financial condition and makes provisions, such as including the right to recapture as appropriate.	Obtain and review the reinsurance contracts to verify appropriate contractual provisions ~~recapture provisions~~ are included.	

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				~~includes recapture provisions within its reinsurance contracts to reclaim business ceded in the event of the reinsurer's financial decline and/or viability concerns=~~.		recoverables, reserve support, liquidity, or surplus. Additional considerations for reinsurers are the availability of detailed financials, the comparability of financial information, the potential for coordination with the jurisdiction of domicile, and the cedant's enforceable access to supporting assets.
				Collateral is held in association with significant treaties to encourage prompt settlement and fulfillment of obligations.	Obtain evidence of the insurer's process to consider/require collateral to be held for significant treaties.	
				Where collateral is held related to modco or funds withheld (FWH) reinsurance (life/A&H insurers), the reinsurance agreement includes guidelines and limits for the reinsurer regarding investments and overall credit quality of the collateral assets, as well as affiliated/related party considerations.	Obtain the reinsurance agreement to validate that the insurer has set forth guidelines/limits regarding the investments and overall credit quality of the collateral assets, as well as affiliated/related party considerations.	Review the liquidity of the assets used to secure the collateral and verify that these assets are correctly attributed to the reinsurers. Review the assets held for collateral in modco and FWH reinsurance agreements (refer to information in Schedule S, Part 8, and Note to the

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				The insurer has procedures in place to continually monitor the valuation, liquidity, credit quality, and performance of the collateral assets.	Obtain evidence of the insurer's ongoing monitoring and review of the collateral assets held as well as their valuation and performance.	Financials #5L) for reasonableness and assess the credit quality of the assets held, individually and in the aggregate. Verify that the collateral held and affiliated/related party concentrations of the reinsurer align with the guidelines laid out in the modco/FWH reinsurance agreement. Verify the existence and adequacy of collateral assets supporting reinsurance arrangements and determine whether collateral balances are consistent with contractual requirements.
				Investment management agreements and investment guidelines applicable to significant reinsurance arrangements (e.g., offshore reinsurance contracts) are reviewed and approved by management and establish permissible investments,	Obtain and review investment management agreements and investment guidelines applicable to significant reinsurance arrangements and determine whether they were approved by appropriate levels of management and are subject to periodic review.	Review a sample of collateral assets held to test for proper valuation. Obtain investment management agreements

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				concentration limits, liquidity requirements, credit quality standards and restrictions on affiliated investments.		and investment guidelines associated with significant reinsurance arrangements and evaluate whether they appropriately address asset quality, diversification, liquidity, concentration risk, affiliated investments, and reporting requirements.
				The insurer performs periodic, post-agreement assessments of significant life and annuity reinsurance arrangements, including evaluation of whether contractual obligations have been met, ~~contract performance,~~ the cedant's enforceable access to supporting assets if recapture occurs, ~~-~~the adequacy and performance of collateral assets, and the appropriateness of reserves supported by the arrangement, particularly for business ceded to reinsurers domiciled in jurisdictions presenting additional jurisdictional, transparency, capital,	Obtain and review documentation evidencing the insurer's periodic, post-agreement assessments of significant life and annuity reinsurance arrangements, including management's evaluation of reinsurer performance of contractual obligations, collateral adequacy, ~~and~~ reserve support, and whether any contractual triggers have been hit. Review for appropriate frequency, scope and management oversight, with particular consideration given to arrangements involving reinsurers domiciled in jurisdictions presenting additional jurisdictional,	For a sample of assets supporting significant reinsurance arrangements, determine whether the assets comply with applicable investment guidelines and contractual restrictions. For a sample of significant life and annuity reinsurance arrangements, evaluate whether actual reinsurer results are consistent with expected performance and assess the extent to which the ceding insurer is dependent on the reinsurer. Evaluate whether reserves ceded under significant

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
				reserving or collateral-related risks ~~unauthorized or non-U.S. reinsurers~~.	transparency, capital, reserving, or collateral-related risks ~~unauthorized or non-U.S. reinsurers~~.	life and annuity reinsurance arrangements remain appropriately supported, including whether the collateral and structural features of the arrangement are sufficient to support the reported reserve credit.
Financial Reporting Risks						
Reinsurance contracts with affiliates have not been filed in accordance with applicable state statutes and do not include equitable contract provisions. †	OP ST	CM AC	AARP RPHCC	The insurer has policies and procedures in place to ensure all contracts with affiliates are filed with the insurance department as required by applicable state statutes (Form D filing). The insurer has policies in place to ensure that all contracts with affiliates are negotiated at arm's length and are in accordance with statutory accounting principles (SAP). These policies ensure that: • Contracts are subject to review and approval by senior management; • Ceding commissions are sufficient to cover	Review the insurer's policies and procedures in place to ensure such policies adhere to applicable statutes and would adequately identify transactions requiring a filing. Test the insurer's process to ensure that transactions with related parties are negotiated at arm's length by obtaining evidence of senior management review and approval and support for the sufficiency of ceding commissions, risk transfer and adequate pricing.	Obtain and review the significant contracts between the insurer and its affiliates and ensure that agreements are filed with the insurance department in accordance with applicable state requirements. Verify that the insurer is operating in accordance with approved contract terms. Review contract provisions for reasonableness through conducting analytical procedures such as comparing ceding commissions to the insurer's expense ratio or comparing actual to expected results.

----------Detail Eliminated for Spacing Purposes----------

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Identified Risk	Branded Risk	Exam Asrt.	Critical Risk	Possible Controls	Possible Test of Controls	Possible Detail Tests
(*Non-P&C Companies*) *Refer to further collateral testing procedures in the risk identifier "The insurer is over-exposed to credit and liquidity risks in its use of reinsurance counterparties" of this repository.				forth in Appendix A-785 – Credit for Reinsurance. The insurer includes appropriate collateral requirement provisions in all contracts with unauthorized and certified reinsurers. The insurer has procedures in place to monitor and obtain additional collateral as it becomes necessary to do so.	Obtain contracts to determine whether provision for collateral requirement is included and adequate. Test the company's processes to review and adjust collateral balances as necessary.	applicable state laws and regulations. For example, verify the amount and validity of collateral held in support of credits taken.
The insurer is overestimating the reinsurance credit on incurred but not reported (IBNR) loss and IBNR LAE reserves. † (See also Examination Repository – Reserves/Claims Handling)	OP	VA AC	RRC	The insurer estimates reinsurance credit on IBNR loss and IBNR LAE reserves by reviewing reinsurance treaties in place at the insurer, as well as historical results. The insurer's appointed actuary is involved in calculating and/or estimating/reviewing the credit amount.	Test the operating effectiveness of the insurer's process to calculate reinsurance credits on IBNR loss and IBNR LAE reserves, including involvement of the appointed actuary, management approval and sign-off.	Consider the reasonableness of reinsurance credits taken, based on a review of the insurer's reinsurance program and treaties in place. Utilize the insurance department actuary or an independent actuary to review the reasonableness of ceded reinsurance estimates included in the opining actuary's report. Compare the credit amounts recorded by the

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EXHIBIT N

REINSURANCE REVIEW

This exhibit includes items that may be useful to examiners while conducting a review of the reinsurance contracts and programs in place at an individual insurer. Part One of the exhibit provides an example letter of credit form that may be used by companies and referenced by examiners in determining whether letters held by the company are acceptable as a basis for receiving a credit for unauthorized reinsurance. Part Two provides a form that may be used by reinsurers applying for accredited or authorized status in states which they are not licensed. This form, entitled Form AR-1, may be submitted as evidence of a company's compliance with requirements to designate the Commissioner as agent for receipt of service of process and to recognize the Commissioner's authority to examine the company's books and records. Part Three of the exhibit provides a ceded reinsurance contract review form that may assist the examiner in determining whether required elements have been included in the contract and in determining whether the contract includes a valid transfer of risk. Each of the items included within this exhibit should be utilized in conjunction with guidance provided in Section 1, Part V- Reinsurance Review.

----------Detail Eliminated for Spacing Purposes----------

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PART THREE – CEDED REINSURANCE CONTRACT REVIEW

The examiner should complete the following workpaper in accordance with the review of the company's ceded reinsurance contracts. For those items that are not applicable, indicate N/A:

1. Affiliated transaction (Y/N)? _____
2. Treaty of certificated number: _____
3. Name of reinsured: _____
4. Name of reinsurer and authorization status (Authorized/Unauthorized):

   _____

   _____
5. Do all reinsurers meet the company's minimum acceptability standards?

   _____
6. Does collateral meet the NAIC standards? Document the collateral provided by the unauthorized reinsurers:

   _____

   _____

   _____
7. Document any reinsurance intermediaries used: _____

   _____
8. Document the type of the reinsurance contract, the effective date, expiration date and the date the contract was signed by both parties: _____

   _____

   _____
9. Identify and document the contract termination provisions: _____

   _____
10. Identify and document whether the following insurance clauses are included in the contract:

    Insolvency clause: _____

    Arbitration clause: _____

    Intermediary clause: _____

    Errors & Omissions clause: _____
11. Document the classes or line of business reinsured: _____
12. Document any exclusions noted in the contract: _____
13. Does the agreement apply on a "loss occurring" or on a "risks attaching" basis? _____
14. What contractual provisions trigger the reinsurer's liability under the agreement (e.g., loss occurrence, risks attaching, aggregate loss development, underlying policy attachment, reported losses, catastrophe/event aggregation, or other treaty-specific triggers), and what ~~temporal, geographic, aggregation, or other~~ coverage parameters govern such liability?~~How does the contract define a loss~~

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~~occurrence, and what time and/or spatial parameters apply~~?

_____

~~14.~~15. Document the territory the contract covers:

_____

~~15.~~16. Does the agreement cover losses occurred prior to its inception date? If so, verify that the contract has been properly accounted as retroactive reinsurance:

_____

_____

~~16.~~17. Document the company's retention under the contract:

_____

~~17.~~18. Does the contract contain ~~a~~ "loss corridor" or co-participation provisions?

_____

~~18.~~19. Indicate the reinsurer's limits under the contract, including any reinstatements and whether or not they're prepaid: _____

_____

~~19.~~20. Is there an aggregate limitation applicable to a period of coverage, a single loss event, or to the agreement overall?

_____

~~20.~~21. Document the premium stipulations set forth in the contract:

Annual reinsurance premium: _____

Minimum reinsurance premium: _____

Deposit premium: _____

Date premiums are adjustable: _____

~~21.~~22. Determine whether the reinsurance rate or premiums are adjustable based on loss experience. If they are adjustable, indicate the minimum and maximum level, how often they can be adjusted, whether adjustments have resulted in a deficit or credit carry forward, and that premiums adjustments have been properly accrued:

_____

_____

~~22.~~23. Identify the contract settlement provisions. Determine the payment schedules, adjustable retention provisions, accumulating retentions from multiple years, or other provisions which serve to defer settlement of the reinsurer's obligations:

_____

_____

~~23.~~24. Determine whether a managing general agent produced the reinsurance contract. Document the MGAs responsibilities regarding the reinsurance arrangement:

_____

_____

~~24.~~25. Determine how often the reports of premiums/losses are to be rendered:

_____

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~~25.~~26. Does the agreement contain a “cash call” provision?

_____

~~26.~~27. Is there a significant transfer of risk (underwriting and timing)? If not, has the deposit method of accounting been properly followed? (Refer to Section 1 - Part V of this handbook.) Does a cash flow analysis need to be performed? ***Note:*** *Examiners are encouraged to review Property & Casualty Interrogatory 9 and the Reinsurance Summary Supplemental Filing to determine if the company utilizes any contracts that have common characteristics of Finite Reinsurance.* _____

_____

~~27.~~28. Is the reinsurance credit taken by the company consistent with the provisions of the contract?

_____

_____

~~28.~~29. Identify and document any amendments or addenda to the contract:

_____

_____

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Draft: 10/14/26

Examination Oversight (E) Task Force
E-Vote
October 9, 2026

The Examination Oversight (E) Task Force conducted an e-vote that concluded Oct. 9, 2026. 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); Heather Carpenter represented by David Phifer (AK); Ricardo Lara represented by Laura Clements (CA); Joshua Hershman represented by William Arfanis (CT); Trinidad Navarro represented by Rylynn Brown (DE); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark represented by Jeff Gaither (KY); Michael T. Caljouw (MA); Anita G. Fox represented by Kristin Hynes (MI); Angela L. Nelson represented by Shannon Schmoeger (MO); Mike Chaney represented by Mark Cooley (MS); Glen Mulready represented by Eli Snowbarger (OK); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Scott A. White represented by Jennifer Blizzard (VA); Patty Kuderer represented by Tarik Subbagh (WA); Erin K. Hunter represented by Justin E. Parr (WV); and Nathan Houdek represented by Amy Malm (WI).

1. Adopted its 2027 Revised Charges

The Task Force conducted an e-vote to consider adoption of its 2027 revised charges (*see NAIC Proceedings – Fall 2026, Financial Condition (E) Committee, Attachment XX*). The Examination Oversight (E) Task Force has been renamed the Solvency Oversight (E) Task Force and will assume some of the Risk-Focused Surveillance (E) Working Group charges. The Risk-Focused Surveillance (E) Working Group has been disbanded. The Electronic Workpaper (E) Working Group's charges have been integrated into the Financial Examiners Handbook (E) Technical Group and the Financial Analysis Solvency Tools (E) Working Group, and the Electronic Workpaper (E) Working Group has been disbanded. Additionally, the Financial Examiners Handbook (E) Technical Group's charges now include coordinating with the American Institute of Certified Public Accountants (AICPA) regarding workpaper access issues. The motion passed unanimously.

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

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Draft: 8/6/2026

Examination Oversight (E) Task Force
E-Vote
August 7, 2026

The Examination Oversight (E) Task Force conducted an e-vote that concluded Aug. 7, 2026. 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); Joshua Hershman represented by William Arfanis (CT); Trinidad Navarro represented by Rylynn Brown (DE); Vicki Schmidt represented by Levi Nwasoria (KS); Sharon P. Clark (KY); Michael T. Caljouw represented by John Turchi (MA); Anita G. Fox represented by Kirstin Hynes (MI); Grace Arnold represented by Kathleen Orth (MN); Mike Chaney represented by Mark Cooley (MS); Eric Dunning represented by Tadd Wegner (NE); Susan Ochs represented by Nancy Lee Chice (NJ); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Scott A. White represented by Doug Stolte (VA); Patty Kuderer represented by Tarik Subbagh (WA); Nathan Houdek represented by Amy Malm (WI); and Erin K. Hunter represented by Justin E. Parr (WV); .

1. Adopted its 2025 Fall National Meeting Minutes

The Task Force's considered adoption of its 2025 Fall National Meeting minutes (*see NAIC Proceedings – Fall 2025, Examination Oversight (E) Task Force*). The motion passed.

2. Adopted the Reports of its Working Groups

Task Force considered adoption of the reports of its working groups, including the Financial Examiners Handbook (E) Technical Group (Attachment XX), the Financial Examiners Coordination (E) Working Group, the Financial Analysis Solvency Tools (E) Working Group (Attachment XX), the Information Technology (IT) Examination (E) Working Group, and the Electronic Workpaper (E) Working Group. The motion passed.

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

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Draft: 11/9/26

Financial Analysis Solvency Tools (E) Working Group
Virtual Meeting
November 9, 2026

The Financial Analysis Solvency Tools (E) Working Group of the Examination Oversight (E) Task Force met Nov. 9, 2026. The following Working Group members participated: Danielle Smith, Chair (MO); Amy Garcia, Vice Chair (TX); Todrick Burks (AL); David Lathrop (AZ); Michelle Lo (CA); John Loughran (CT); N. Kevin Brown (DC); Caroline Morgan (FL); Amanda Denton (IN); Kristin Hynes (MI); Mark Boston (OH); Ryan Rowe (OK); Greg Chew (VA); and Amy Malm (WI).

1. Received Comments and Adopted Proposed Revisions to the *Financial Analysis Handbook*

Smith said the Working Group's met on Oct. 19 where it re-exposed the revisions to the credit, market, liquidity and Form D procedure chapters of the NAIC *Financial Analysis Handbook* (Handbook) for a two-week public comment period ending Nov. 2. Comment letters were received from American Council of Life Insurers (ACLI), and Athene Holding Ltd. (Athene) (Attachment 1). NAIC staff also edited wording for consistency between the credit, market and liquidity branded risk chapters.

Smith said ACLI requested edits to the unfunded commitments and illustrative examples. They also ask that after the NAIC's Financial Condition (E) Committee completes its work on material transactions, that the guidance be revisited. I agree these changes seem reasonable and we can take note of their request on the E Committee work.

Smith said Athene requested consistency with the *Financial Condition Examiners Handbook* and proposed some edits. In response to Athene, the draft included edits that are similar to what will be proposed for the *Financial Condition Examiners Handbook*. The rather than including a narrow set of procedures that only apply to certain jurisdictions or reinsurers, the Handbook procedures are intended as a menu of procedures that can be applied based on jurisdictional considerations or concerns. The proposed edits allow the analyst to use judgment to determine when the procedures are appropriate. Smith said she agreed with the additional edits proposed to address the comment letters and noted the Working Group will take note of ACLI's request related to the Financial Condition (E) Committee work on material transactions.

Hans Avery (ACLI) said he appreciated the Working Group including ACLI's suggested edits. Uzoma Ekenna (Athene) said she appreciated the information on the scope of the guidance but indicated Athene would like clarity on how the guidance aligns with the discussion being held on the life risk-based capital.

Chew made a motion, seconded by Burks, to adopt the revisions to the Handbook including the additional proposed edits (Attachment 2). The motion passed unanimously.

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

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Draft: 10/25/26

Financial Analysis Solvency Tools (E) Working Group
Virtual Meeting
October 19, 2026

The Financial Analysis Solvency Tools (E) Working Group of the Examination Oversight (E) Task Force met Oct. 19, 2026. The following Working Group members participated: Danielle Smith, Chair (MO); Amy Garcia, Vice Chair (TX); Richard (Hamp) Russell (AL); Michelle Lo (CA); Jack Broccoli (CT); N. Kevin Brown (DC); Shalice Rivers (FL); Amanda Denton (IN); Gregory Ricci (MD); Kristin Hynes (MI); Paul Lupo (NJ); Mark Boston (OH); Samantha Watkins (SD); Greg Chew (VA); and Kristin Forsberg (WI).

1. Received Comments and Adopted Proposed Revisions to the *Financial Analysis Handbook*

Smith said the Working Group received four comment letters (Attachment 1) on the exposed revisions to the NAIC *Financial Analysis Handbook* (Handbook). The revisions were developed in response to referrals from other NAIC groups, annual statement blanks changes, and ongoing NAIC committee support review of the tools and guidance. NAIC committee support prepared an updated draft of the Handbook revisions that highlights edits made in response to the comments (Attachment 2).

Smith said the Working Group met Oct. 6 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members) of the NAIC Policy Statement on Open Meetings, to discuss the comment letters and the related Handbook edits.

Rodney Good (NAIC) said Wisconsin commented on the cybersecurity guidance in the holding company analysis section. Wisconsin asked for more explanation on how vertical integration and third-party dependencies pose risk to an insurer or group. In response, NAIC committee support added text explaining that vertical integration can create a single point of failure, in which a breach at one entity can spread across affiliates. NAIC committee support also added text explaining that an incident at a critical third-party vendor could disrupt premium collection and claims processing, creating operational stress for the insurer.

Jane Koenigsman (NAIC) said Wisconsin proposed an edit to the unfunded commitments in the liquidity risk chapter. The American Council of Life Insurers (ACLI) submitted tracked-change edits to the credit risk and liquidity risk chapters on private credit and to the credit risk and Form D chapters on reinsurance. Athene's letter generally supported the ACLI edits. NAIC committee support reviewed the edits internally and with the NAIC Capital Markets Bureau, and they consulted with state insurance regulators involved in the original drafting.

Koenigsman said that yellow highlighting in the updated draft indicates edits from commenters that NAIC committee support believe can be accepted, and gray highlighting shows additional NAIC committee support wording changes. NAIC committee support also made the same changes to the market risk chapter for consistency across the three investment-related chapters. They did not agree with edits to the examples in the Form D chapter's offshore reinsurance guidance. Because these were actual examples, NAIC committee support believed editing them would diminish their value. They accepted a few changes but placed the examples in text boxes to separate them from the guidance. The examples cover a business plan request, an information request, reinsurance payment terms, and the terms of a memorandum of understanding.

Koenigsman said the American Property Casualty Insurance Association (APCIA) suggested deleting a sentence from the guidance on the use of artificial intelligence (AI) tools. The sentence states that if a secure AI tool is

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unavailable, analysts must ensure the data is fully anonymized to remove any nonpublic or sensitive data. Koenigsman said the text was copied verbatim from the *Financial Condition Examiners Handbook*. Changing it would warrant a referral to the examination side for consistency.

Forsberg said Wisconsin supports the proposed changes and has no further comments.

Hans Avery (ACLI) said the ACLI agrees the Handbook should be a helpful, consistent, risk-focused, and broadly applicable reference for analysts. Given that the materials total 179 pages, he requested more time to review the changes and another formal exposure so the ACLI can confirm the changes with its membership.

Smith asked whether a representative of APCIA was present to speak to its letter. No one responded.

Kim Welsh (Athene) said Athene recommended consistently referring to reinsurance ceded to unauthorized jurisdictions and avoiding terms such as unauthorized offshore reinsurance. She said the draft revisions cite concerns with varying regulatory requirements in unauthorized jurisdictions. However, references to unauthorized reinsurance could capture reinsurers in reciprocal jurisdictions, such as Bermuda, that have not sought reciprocal reinsurer status, which is done to eliminate collateral. Welsh said that a reciprocal jurisdiction, such as Bermuda, regulates all of these reinsurers the same way. She noted that a July 27 referral from the Financial Condition (E) Committee to the Life Risk-Based Capital (E) Working Group regarding a recapture risk charge raised concerns with cessions outside of reciprocal jurisdictions. Welsh said the redlines suggest the intent of the revisions is broader than Athene understood.

Koenigsman said NAIC reinsurance staff helped clean up the terminology. Gray-highlighted edits at the beginning of the reinsurance guidance and in the Form D chapter attempt to address the concern. Welsh said Athene suggested referring to reinsurance to unauthorized offshore or nonreciprocal jurisdictions, rather than unauthorized reinsurers from offshore jurisdictions. She said the current wording has a broader reach and could apply to a reinsurer in Bermuda or the United Kingdom that did not apply for reciprocal or qualified reinsurer status. Athene understood the intent of the new provisions to be a focus on jurisdictions without those designations.

Smith suggested a 10-day public comment period for a re-exposure, given the time needed to send the revisions to the parent committee for final adoption. Koenigsman said the revisions must be adopted through the Financial Condition (E) Committee before the end of the year, and the Committee plans to consider them after the Thanksgiving holiday. She noted the upcoming national meeting and said a period of 10 days to two weeks would be possible. Avery said two weeks would allow time for review before the national meeting. Smith agreed to a two-week period.

Koenigsman asked the Working Group to clarify the scope of the re-exposure. She proposed re-exposing only five sections: the private credit revisions to the credit risk, liquidity risk, and market risk chapters and the reinsurance revisions to the credit risk and Form D chapters. The Working Group would consider adopting all other revisions at this meeting. Avery said the ACLI shares this understanding.

Koenigsman asked the Working Group to decide whether to keep or delete the AI sentence that APCIA proposed deleting. Garcia said the sentence should remain, because removing it would not change the substance, and consistency with the *Financial Condition Examiners Handbook* is preferable. Chew agreed with Garcia. Koenigsman confirmed that keeping the sentence aligns the Handbook with the *Financial Condition Examiners Handbook*.

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Chew made a motion, seconded by Garcia, to adopt the proposed revisions to the Handbook, as amended, except for the five sections related to private credit and reinsurance (Attachment 2). The motion passed unanimously.

Smith said the Working Group will expose the five sections related to private credit and reinsurance for a 14-day public comment period ending Nov. 2nd.

2. Adopted Handbook Revisions Referred from the Life Actuarial (A) Task Force and the Casualty Actuarial and Statistical (C) Task Force

Smith said the Life Actuarial (A) Task Force exposed and adopted updated guidance for the reserving risk assessment chapter of the Handbook. The guidance addresses actuarial guidelines and the NAIC *Valuation Manual*. Because the Task Force already exposed and adopted the guidance, Smith recommended the Working Group consider its adoption.

Chew made a motion, seconded by Hynes, to adopt the Life Actuarial (A) Task Force revisions to the Handbook (Attachment 3). The motion passed unanimously.

Smith said the Actuarial Opinion (C) Working Group developed, exposed, and adopted revisions to the property/casualty (P/C) and title Statement of Actuarial Opinion worksheets. The revisions primarily align the worksheets with recent updates to the actuarial opinion instructions and remove outdated information. Given the prior opportunity for public comment and the need for consistency with the instructions, Smith recommended the Working Group consider adoption of the revisions.

Lupo made a motion, seconded by Watkins, to adopt the Actuarial Opinion (C) Working Group revisions to the Handbook (Attachment 4). The motion passed unanimously.

3. Adopted a Referral to the Financial Regulation Standards and Accreditation (F) Committee

Smith said the proposed referral (Attachment 5) addresses Part B accreditation expectations for the review of the group capital calculation (GCC) filing. Koenigsman said the referral adds the GCC to the list of holding company filings in the accreditation standard, now that the GCC applies within accreditation. The Handbook revisions also update references to the GCC. No comments were received on the referral during the exposure period.

Bruce Jenson (NAIC) said the proposal would require states to sign off on the GCC filing. States would not need to complete the optional GCC review worksheet in the Handbook, as it is not required for accreditation. The review would need to be documented in the analysis file with the holding company analysis work.

Chew asked whether an update on the GCC in the group profile summary (GPS) would satisfy the documentation requirement. Jenson said it would. Evidence could be either a sign-off and date on the filing in the analysis file or a lead-state discussion in the GPS of findings from the GCC review. He said accreditation would look for a timely review completed in accordance with the holding company analysis due dates.

Chew made a motion, seconded by Forsberg, to adopt the referral to the Financial Regulation Standards and Accreditation (F) Committee (Attachment 5). The motion passed unanimously.

4. Adopted Revisions to Life/A&H IRIS Ratio 7—Total Affiliated Investments to Capital and Surplus

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Smith said no formal comments were received on the proposed changes to the calculation of Life Insurance Regulatory Information System (IRIS) Ratio 7—Affiliated Investments to Capital and Surplus (Attachment 6). However, NAIC committee support received an informal comment.

Ralph Villegas (NAIC) said no comments were received on the change to the ratio calculation itself. The informal comment concerned the narrative in the IRIS manual that precedes the investment ratios (Ratios 4–7). The commenter asked NAIC committee support to add text noting that ratio results could be distorted by the increasingly common use of reinsurance. In those cases, surplus is reduced by risk transferred to the reinsurer, but assets remain in the numerator due to modified coinsurance (modco) or funds-withheld accounting. As a result, a company with lower affiliated investments but heavy use of reinsurance could appear to be at greater risk than a company with higher affiliated investments but less use of reinsurance.

Garcia made a motion, seconded by Forsberg, to adopt the revisions to Life IRIS Ratio 7 and the accompanying narrative for inclusion in the IRIS manual and IRIS results (Attachment 6). The motion passed unanimously.

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

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Draft: 11/6/26

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
October 29, 2026

The Financial Examiners Handbook (E) Technical Group of the Examination Oversight (E) Task Force met Oct. 29, 2026. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Ber Vang (CA); Mike Shanahan (CT); N. Kevin Brown (DC); Cindy Andersen (IL); Grace Kelly (MN); Monique D. Smith (NC); Colin Wilkins (NH); Nancy Lee Chice (NJ); Zachary Wheatley (OH); Diana L. Sherman (PA); and Jennifer Blizzard (VA).

1. Received Comment Letters

Litweiler stated the purpose of the meeting was to discuss comments received on the guidance exposed at the Technical Group's last open meeting and to consider adoption of proposed handbook guidance related to assessing private asset exposures, unauthorized offshore reinsurers, and reinsurance clauses in Exhibit N. He noted NAIC committee support received a joint comment letter from the National Association of Mutual Insurance Companies (NAMIC), and the American Property Casualty Insurance Association (APCIA), as well as individual comment letters from the Reinsurance Association of America (RAA), Athene Holding Ltd. (Athene), the American Council of Life Insurers (ACLI), and the Association of Bermuda Insurers and Reinsurers (ABIR).

Litweiler said the comments were generally supportive of the objectives of the exposures but requested clarification in some areas. For the private asset guidance, commenters focused on the definition of private credit, valuation governance expectations, private letter ratings, and the treatment of various investment structures, including payment-in-kind and deferred interest features.

For the offshore reinsurance guidance, commenters generally requested clarification of the term "unauthorized offshore reinsurer" and of how the procedures apply to life and annuity business versus property/casualty (P/C) business. For Exhibit N, multiple commenters noted that proposed question 14 may be overly focused on occurrence-based reinsurance contracts. They suggested broadening the question so that it more clearly applies across different reinsurance agreement structures.

2. Considered Adoption of Handbook Guidance

A. Handbook Excerpt

Snowbarger provided context on the purpose of the examination repositories, noting that some comments reflected uncertainty about whether the risks, controls, and procedures in the repositories are intended to function as a checklist that examiners must complete in its entirety. He stated the handbook guidance explains that this is not the intent. The repositories are tools to assist examiners in identifying risks relevant to a particular examination. They are not intended to provide an all-inclusive list of potential risks or to establish a minimum set of risks or procedures that must be addressed on every examination.

Snowbarger said examiners should use their understanding of the insurer and the risks identified during the examination to determine which repository items are applicable. The possible controls and examination procedures provide examples and options that examiners can customize based on the insurer's specific risks, processes, and controls. He said that while many suggested revisions were incorporated, the Technical Group did not incorporate edits that could make the guidance overly prescriptive or specific. Because the repositories are

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intended to provide examiners with a menu of options, the Technical Group sought to preserve that flexibility rather than create procedures that could be interpreted as requirements in every examination.

B. Assessing Private Asset Exposures

Travis Lenz (NAIC) walked through the revisions made in response to the comment letters, beginning with Assessing Private Asset Exposures (Attachment 3), which contains revisions to the investments repository. In response to comments that the term "private credit" may be interpreted differently, the Technical Group added a reference at the beginning of the repository, directing examiners to the definition of private credit in the *Financial Analysis Handbook*.

Lenz noted that the ACLI expressed concern that the original language on private letter ratings could suggest that concentration in a particular rating provider, or reliance on a single rating, automatically represents heightened risk. The control and corresponding testing language were revised to clarify that concentrations should be considered within the insurer's broader credit risk management framework to determine whether they warrant additional review.

Lenz stated that the ACLI also noted that private credit consists of a variety of investment structures and that certain risk indicators may be more or less relevant depending on the investment. In response, the phrase "as appropriate to the investment structure" was added to the control addressing asset concentrations and key risk indicators. The ACLI further expressed concern that the detail test on private letter rating documentation could be interpreted as requiring examiners to evaluate the rating methodology itself. The procedure was revised to focus on the insurer's use of private letter ratings and their role in the insurer's overall risk management process. NAIC committee support added language preserving the option for examiners to perform additional procedures, including involving an investment specialist, if concerns are identified regarding the support for a private letter rating.

Lenz stated several commenters noted that the terms "affiliate" and "related party" may encompass a variety of relationships. The associated risks may differ depending on whether the affiliate serves as a borrower, sponsor, manager, servicer, or other participant in the transaction. In response, a single note was added directing examiners to interpret these terms consistently with existing guidance, including the *Insurance Holding Company System Regulatory Act* (#440), *Statement of Statutory Accounting Principles (SSAP) No. 25—Affiliates and Other Related Parties*, and related annual statement reporting requirements. The ACLI noted that affiliate and related-party relationships may inherently involve actual or potential conflicts of interest. It said the exposed language could be read as requiring management to demonstrate that no conflict exists. The Technical Group agreed that the more appropriate focus is whether actual or potential conflicts are identified, disclosed, governed, and appropriately managed, and the language was revised accordingly.

Lenz stated NAMIC and the APCIA expressed concern that the language on independent assessment of credit risk for investments originated or managed by an affiliate or related party could be interpreted as requiring an insurer to separately underwrite every affiliated investment. The Technical Group changed "independent assessment" to "independent evaluation," because an independent credit assessment can imply a more formal type of credit review than intended. The revised language clarifies that insurers should maintain the ability to independently evaluate the credit quality, structure, and risk characteristics of an investment and to challenge affiliate analysis when warranted. Because the ACLI noted that many private credit and structured investment transactions are customized and privately negotiated, the guidance on evaluating economic substance and whether terms are fair and reasonable was revised. It now recognizes that comparable third-party transactions may not always be available and allows insurers to review other relevant evidence.

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Lenz noted that the ACLI commented that the valuation governance language could be interpreted as assuming the insurer directly performs all valuation activity, when valuation information may instead be obtained from investment managers, pricing vendors, valuation agents, or other third-party sources. The control was revised to recognize that valuation information may be obtained from third-party sources to the extent those sources are deemed qualified and independent. When such information is not available, the insurer should evaluate other relevant information, including cash flows, covenant compliance, comparable market information, impairment indicators, and other risk indicators that support reported values. To align with this revision, a possible test of controls was added directing examiners to determine whether management evaluates the qualifications and independence of the source and reviews the resulting valuation information for reasonableness.

Lenz said the ACLI also expressed concern that the language on independent third-party valuation information could be interpreted as requiring broad or routine commissioned valuations of private credit investments. It said this could occur regardless of the identified risk, materiality, or effectiveness of the insurer's existing valuation controls. The Technical Group retained the expectation that the insurer has a process to periodically obtain independent valuation information for select private credit investments but added "when warranted." Finally, the detail tests for investments with payment-in-kind or deferred-interest features were updated to reflect the ACLI's comment that these investments may be supported by collateral pools, multiple obligors, or other complex repayment structures rather than a single underlying borrower.

C. Unauthorized Offshore Reinsurers

Lenz then reviewed Unauthorized Offshore Reinsurers (Attachment 4), which contains revisions to the reinsurance ceding insurer repository. Multiple commenters noted that the term "unauthorized offshore reinsurer" is undefined, may be interpreted inconsistently, and may include reinsurers beyond the intended scope of the referral. The terminology was revised to refer to significant reinsurance arrangements ceded to reinsurers domiciled in jurisdictions presenting additional jurisdictional transparency, capital, reserving, or collateral-related risks. He said this approach avoids potential confusion associated with the terms "unauthorized offshore reinsurer" and "unauthorized jurisdiction" and focuses the examination procedures on the underlying risks. The same terminology change was made in a second location in the repository.

Lenz said the Technical Group incorporated the ACLI's suggested revisions related to reinsurer credit and liquidity risk exposure. The possible control now focuses on whether the insurer considers the possibility of material changes in the reinsurer's financial condition and makes appropriate provisions, such as including a right to recapture. The test of controls was revised to focus more generally on whether appropriate contractual provisions are included. The detail test was revised to address significant reinsurance arrangements and to include additional considerations, such as the availability of comparable financial information, potential coordination with the jurisdiction of domicile, and the ceding insurer's enforceable access to supporting assets.

Lenz said several commenters noted that the underlying referral focused on life and annuity reinsurance arrangements and expressed concern that certain new procedures could be interpreted as applying to P/C reinsurance. The Technical Group reviewed each addition and identified one control, along with its corresponding test of controls and detail test, as most specific to the life and annuity concerns raised in the referral. References to life and annuity business were added to those items. The other additions were not similarly limited because they address risks that may also be relevant to reinsurance arrangements involving other lines of business.

Lenz stated that the ACLI expressed concern that the post-agreement assessment language could be interpreted as requiring insurers or examiners to evaluate contract performance more broadly than the contractual obligations and protections established in the agreement. The possible control and test of controls were revised to focus on whether contractual obligations have been met, whether contractual triggers have been reached, the

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ceding insurer's enforceable access to supporting assets if recapture occurs, collateral adequacy, and reserve support.

D. Exhibit N – Reinsurance Clauses

Lenz then reviewed Exhibit N—Reinsurance Clauses (Attachment 5), which received one comment. NAMIC, the APCIA, and the ACLI noted that question 14 focused primarily on occurrence-based reinsurance contracts and may not be appropriate for many other treaty structures. The question was revised to focus more broadly on the contractual provisions that trigger the reinsurer's liability under the agreement and the coverage parameters governing that liability. It also now includes examples such as loss occurrence, risks attaching, and aggregate loss development. He said this revision incorporated suggested language from the joint NAMIC and APCIA comment letter.

3. Heard Feedback on Comment Letters and Re-Exposed the Revised Handbook Guidance

Snowbarger invited each commenter to discuss any outstanding comments or concerns based on the revisions. Marc Altschull (ACLI) said the ACLI appreciated the revisions, particularly those that reinforce a risk-focused, principles-based approach. He cited the revisions addressing private letter ratings, rating provider concentrations, affiliate and related-party arrangements, conflicts of interest, and the use of third-party valuation information. He stated the revised reinsurance language better recognizes the importance of evaluating reinsurance arrangements based on their specific risks and circumstances. Given the breadth of the revisions, he requested an exposure period ending Nov. 6 so the ACLI could review the revised language with its member companies and provide focused feedback.

Jon Rodgers (NAMIC) spoke on behalf of NAMIC and APCIA. He said he appreciated the revisions related to the independent evaluation of investments and to question 14 in Exhibit N, which he said is now a more workable question.

Kim Welsh (Athene) said Athene supports the revisions and considers the revised reinsurance jurisdiction language an improvement. However, she said it was not clear who would determine which jurisdictions are in scope or how that evaluation would take place. She recommended referring instead to reinsurance ceded to non-reciprocal jurisdictions, which Athene believes is more aligned with the referral's focus. She noted that the Financial Condition (E) Committee's referral to the Life Risk-Based Capital (E) Working Group directed the development of a recapture risk charge for cessions to reinsurers located outside of reciprocal jurisdictions. She recommended that, whatever language is chosen, the referral's intent be clarified before finalizing, and the two handbooks be aligned to the extent possible. No representatives of the ABIR or the RAA offered comments.

Snowbarger asked whether Technical Group members had any additional comments on the revisions, the outstanding items raised by commenters, or the ACLI's request for an exposure period ending Nov. 6. Bruce Jenson (NAIC) noted the Examination Oversight (E) Task Force has a meeting scheduled for Nov. 10. He said re-exposing the revisions through Nov. 6 could allow the Technical Group to meet jointly with the Task Force on that call to finalize and adopt the revisions and immediately report them to the Task Force. He said this option could still allow the revisions to be adopted by the Task Force ahead of the Fall National Meeting. Smith and Litweiler supported this approach.

Smith made a motion, seconded by Andersen, to re-expose the revised handbook guidance related to assessing private asset exposures (Attachment 4), unauthorized offshore reinsurers (Attachment 5), and Exhibit N—Reinsurance Clauses (Attachment 6) for a 7-day public comment period ending Nov. 6, with the expectation that

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the Technical Group will consider adoption during a joint meeting with the Examination Oversight (E) Task Force. The motion passed unanimously.

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

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Draft: 9/15/26

Financial Examiners Handbook (E) Technical Group
Virtual Meeting
September 9, 2026

The Financial Examiners Handbook (E) Technical Group of the Examination Oversight (E) Task Force met Sept. 9, 2026. The following Technical Group members participated: Eli Snowbarger, Co-Chair (OK); John Litweiler, Co-Chair (WI); Laura Clements (CA); William Arfanis (CT); N. Kevin Brown (DC); Cindy Andersen (IL); Sara McNeely (MO); Monique D. Smith (NC); Andrea Johnson (NE); Nancy Lee Chice (NJ); Tracy Snow (OH); Jennifer Blizzard (VA); and Randy Fong (WA).

1. Adopted its Aug. 3 Minutes

Snow made a motion, seconded by Smith, to adopt the Technical Group's Aug. 3 minutes (*see NAIC Proceedings – Summer 2026, Examination Oversight (E) Task Force, Attachment One*). The motion passed unanimously.

2. Adopted Handbook Guidance

A. CUSIP Terminology

Snowbarger introduced revisions to the Committee on Uniform Security Identification Procedures CUSIP terminology. He stated that the Investment Designation Analysis (E) Working Group sent referrals to several NAIC groups to replace the use of CUSIP with a more inclusive terminology for security identifiers. While the Financial Examiners Handbook (E) Technical Group did not receive a referral directly, the investments repository was updated to the new terminology to ensure consistency across NAIC publications.

B. Exhibit O, Part 1—Combined Tests of Controls Worksheet

Snowbarger shared the next set of revisions for Exhibit O, Part 1—Combined Tests of Controls Worksheet. Revisions clarify existing guidance on how examiners evaluate controls, as the current worksheet implies that each control should be assessed individually; however, when in practice, multiple controls used to mitigate a single risk should be evaluated in aggregate.

C. Evergreen Letters of Credit

Snowbarger introduced the next set of revisions to evergreen provisions in letters of credit, driven by recent court decisions on the language of evergreen clauses related to the letter of credit expiration. Revisions to Exhibit N—Reinsurance Review and Section 1–5—Reinsurance Review provide continuous renewal in successive periods, in line with the *Credit for Reinsurance Model Law* (#785) and the *Credit for Reinsurance Model Regulation* (#786).

D. Actuarial Guidance

Snowbarger introduced the final set of revisions to consider for adoption. Revisions pertain to narrative guidance for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) and *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55), as well as the implementation of *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, and the generator of economic scenarios (GOES). These revisions were developed in conjunction with the NAIC life actuarial team to provide examiners

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with additional context and considerations on AG 53 and AG 55, as well as guidance to help examiners understand how VM-22 and GOES may affect reserve calculations and how those impacts should be evaluated during an exam. He noted that these revisions were exposed for a 30-day public comment period ending Aug. 28 via the Life Actuarial (A) Task Force.

Clements made a motion, seconded by Andersen, to adopt guidance related to CUSIP terminology (Attachment __), Exhibit O, Part 1—Combined Test of Controls Worksheet (Attachment __), evergreen letters of credit (Attachment __), and actuarial guidance (Attachment __). The motion passed unanimously.

3. Exposed Handbook Guidance

A. Private Asset Exposure

Litweiler said the first set of revisions to consider for exposure stems from a Financial Analysis (E) Working Group referral that requested enhanced guidance on financial examinations to assess private asset exposures, due to an ongoing increase in the amount of private assets held by U.S. domestic insurers. He noted updates to the investment repository include enhancements to investment governance and monitoring procedures for private credit investments, guidance addressing private credit investments originated or managed by affiliates or related parties, valuation procedures for private credit investments where observable market data is limited, and expanded impairment guidance related to private credit investments and other assets with limited market transparency. Additionally, some revisions were made to high-risk mortgages to expand the existing monitoring indicators.

B. Unauthorized Offshore Reinsurers

Litweiler noted that the second set of revisions to consider for adoption is a result of a referral received from the Financial Analysis (E) Working Group, in coordination with the Valuation Analysis (E) Working Group and the Investment Analysis (E) Working Group, regarding increased use of unauthorized offshore reinsurers by U.S. life and annuity insurers. Revisions to the reinsurance ceding repository strengthen examination guidance for significant reinsurance agreements by adding procedures on ongoing assessment of reinsurer financial condition, management review of collateral investment guidelines, monitoring the valuation, liquidity, credit quality, and concentration of collateral assets, periodic post-agreement assessments of reinsurer performance and reserve support, and evaluation of the ceding insurer's dependence on significant reinsurers.

C. Exhibit N—Reinsurance Review

Litweiler said the final set of revisions is to Exhibit N—Reinsurance Review. He noted that updates add a procedure for examiners to identify how the reinsurance contract defines a loss occurrence, along with the time and spatial parameters that may apply. In addition, co-participation and reinstatement considerations were incorporated into the existing procedures.

The Technical Group agreed to expose the revisions for a 30-day public comment period ending Oct. 9.

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

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Virtual Meeting
INFORMATION TECHNOLOGY EXAMINATION (E) WORKING GROUP
November 9, 2026

Summary Report

The Information Technology Examination (E) Working Group met Nov. 9, 2026. During this meeting, the Working Group:

1. Received comment letters on exposure

2. Adopted *Financial Condition Examiners Handbook* (Handbook) guidance related to:
   A. Exhibit C: Part Two—Evaluation of Controls in Information Technology (IT) Work Program
   B. Exhibit C: Part Three—Prospective Cyber Risk Evaluation of Controls Work Program
   C. Corresponding Handbook updates

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Draft: 10/11/26

Information Technology (IT) Examination (E) Working Group
Virtual Meeting
October 8, 2026

The Information Technology (IT) Examination (E) Working Group of the Examination Oversight (E) Task Force met Oct. 8, 2026. The following Working Group members participated: Shane Mead, Vice Chair (KS); Chris Erwin (AR); Ken Roulier (CT); Ricardo Mancilla (IL); Jerry Ehlers (IN); Kim Dobbs (MO); Andrea Johnson (NE); Wayne Longmore (NY); Metty Nyangoro (OH); Eli Snowbarger (OK); and Diana L. Sherman (PA).

1. Exposed Handbook Guidance

Mead provided background on the proposed revisions to Exhibit C—Part Two, the new Exhibit C—Part Three, and the corresponding *Financial Condition Examiners Handbook* (Handbook) updates under consideration for exposure. He explained that the project originated from a referral from the Cybersecurity (H) Working Group, which requested that the Working Group evaluate whether additional cybersecurity concepts should be incorporated into the IT examination process. Following the referral, the Working Group formed a drafting group of regulators and contractors from multiple states to evaluate the existing IT review framework and recommend enhancements.

Mead said the drafting group completed a two-step approach. First, it performed a gap analysis comparing the existing Exhibit C procedures against the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) 2.0 to identify security concepts not fully addressed in the current process. Second, it reviewed the existing risks and procedures in Exhibit C—Part Two and separated procedures designed to establish IT general control (ITGC) reliability from those intended to assess cybersecurity risks on a prospective basis.

Mead noted that the Working Group exposed a framework outlining an updated seven-step IT review process in mid-2025, and the revisions under consideration follow that framework. Under the updated framework, cybersecurity-related risks were moved out of Exhibit C—Part Two and reworked for inclusion in Exhibit C—Part Three. Rather than creating an entirely new set of cybersecurity risks, the drafting group leveraged concepts already contained in the existing repository and reorganized them to better align with a prospective cybersecurity assessment. These risks were then mapped to the six functions of NIST CSF 2.0: govern, identify, protect, detect, respond, and recover.

A. Exhibit C—Part Two Evaluation of Controls in IT Work Program

Mead introduced the first set of revisions to Exhibit C—Part Two, Evaluation of Controls in IT Work Program (Attachment One). The drafting group evaluated the existing risks, common controls, preliminary information requests, and possible test procedures in Part Two to determine whether each primarily supported the ITGC review or the prospective cybersecurity assessment. Items determined to be more appropriately addressed as part of the cybersecurity review were removed and used to develop the risks in Exhibit C—Part Three, where they were rephrased and reorganized to fit the purpose and structure of the new exhibit.

The drafting group also reviewed the remaining Part Two content to identify opportunities to streamline the ITGC review and reduce duplication. Where similar concepts appeared in multiple areas, related procedures were consolidated or moved to the location that most directly addresses the applicable ITGC. Several areas were updated or expanded to address current IT control considerations, and procedures identified as irrelevant or outdated were removed. Mead stated that the Part Two revisions are intended to create a more focused ITGC

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work program, eliminate unnecessary duplication, and support a clear separation between the ITGC review and the prospective cybersecurity assessment.

B. Exhibit C—Part Three Prospective Cyber Risk Evaluation of Controls Work Program

Mead introduced the second set of revisions to the Handbook, the new Exhibit C—Part Three, Prospective Cyber Risk Evaluation of Controls Work Program (Attachment Two). A key objective of the drafting group was to use an existing and widely accepted cybersecurity framework rather than develop new cybersecurity standards. The mitigation strategies, control objectives, and possible test procedures in Exhibit C—Part Three were developed directly from NIST CSF 2.0. Mead explained that the repository is intended to assist IT examiners in identifying cybersecurity risks relevant to the insurer under examination. It is not intended to provide an all-inclusive listing of risks, nor does it create a minimum baseline of cybersecurity risks that must be reviewed on every examination. Instead, similar to the financial risk repositories in the Handbook, it is designed to be customized based on the insurer's size, complexity, operations, and risk profile.

Mead stated the goal of the revisions is not to increase examination scope or significantly increase the time spent completing the review. The drafting group reorganized and streamlined existing procedures to improve IT examination efficiency, eliminate duplication, and better distinguish between determining the effectiveness of ITGCs and performing the cybersecurity assessment. The intent is to allow IT examiners to perform more focused reviews while maintaining an overall level of effort comparable to the current process.

Mead said that in conjunction with Exhibit C—Part Three, the drafting group developed a new Cybersecurity Review Summary Memorandum. The memorandum serves as a cybersecurity counterpart to the IT summary memorandum and should be used to communicate the results of the prospective cybersecurity assessment to the examiner-in-charge (EIC), the financial analyst, and other stakeholders. It is intended to document the cybersecurity review performed, any significant findings, overall cybersecurity conclusions, and any recommended monitoring activities.

C. Corresponding Handbook Updates

Mead introduced the final set of revisions, corresponding updates to various sections of the Handbook (Attachment Three). These revisions were necessary to align the Handbook language with the new structure of Exhibit C. The affected sections include Section 1-3 General Examination Considerations, Section 1-7 Special Considerations for Risk Retention Groups, Section 2-1 Understanding the Company and Identifying Key Functional Activities, the Exhibit C—Part One narrative, the Exhibit C—Part Two narrative, and the Exhibit C IT review summary memorandum.

Mead explained that the bulk of the edits are located in Section 1-3. These revisions outline the revised seven-step IT review process, which separates the evaluation of ITGCs from the prospective cybersecurity assessment. The revisions also introduce the new Cybersecurity Review Summary Memorandum, incorporate guidance on the use of NIST CSF 2.0, provide direction on the use of Exhibit C—Part Three, and clarify how cybersecurity conclusions should be incorporated into the overall risk assessment of the examination.

Mead stated the revisions to Section 1-7 update the consideration of IT risks applicable to risk retention groups (RRGs) and align references to the revised IT review process. They clarify that the prospective cybersecurity assessment should be considered along with the Evaluation of Controls in IT Work Program when evaluating risks commonly associated with RRGs.
Mead said the revisions to Section 2-1 update references to ITGCs for consistency with the rest of the handbook and add references to Exhibit C—Part Three.

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Mead stated the revisions to Exhibit C—Part One narrative update the planning guidance to reflect the revised IT review process. They add a reference to the new Exhibit C—Part Three, provide a brief description of the exhibit, and note where to find additional information on the topic. The revisions to the Exhibit C—Part Two narrative remove Instruction Note 3, which listed Part Two procedures related to cybersecurity risks that may be reviewed during the examination.

Mead said the revisions to the IT review summary memorandum primarily update its name to differentiate it from the Cybersecurity Review Summary Memorandum. The memorandum previously titled the IT Review Standard Summary Memorandum is now titled the ITGC Review Summary Memorandum. The revisions also remove the recommendation to use a table format for recording information about findings. In addition, they add a sentence clarifying that any cybersecurity-related findings identified during the ITGC review should be reported in the Cybersecurity Review Summary Memorandum during completion of Exhibit C—Part Three.

The Working Group agreed to expose the revisions for a 25-day public comment period ending Nov. 2.

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

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