

Draft: 12/4/24

*Pending Adoption by the Executive (EX) Committee and Plenary, Dec. 18, 2024*

## **2025 Proposed Charges**

### **EXECUTIVE (EX) COMMITTEE**

The mission of the Executive (EX) Committee is to manage the affairs of the NAIC in a manner consistent with its Articles of Incorporation and its Bylaws.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Executive (EX) Committee** will:
  - A. Identify the goals and priorities of the organization and make recommendations to achieve such goals and priorities based on input of the membership. Make recommendations by the 2025 Commissioners' Conference.
  - B. Create/terminate task force(s) and/or Executive (EX) Committee-level working groups to address special issues and monitor the work of these groups. Create necessary task force(s) and/or Executive (EX) Committee-level working groups throughout 2025 as necessary.
  - C. Submit reports and recommendations to NAIC members concerning the activities of its subcommittee and the standing committees. Submit a report at each national meeting.
  - D. Consider requests from NAIC members for friend-of-the-court briefs.
  - E. Establish and allocate functions and responsibilities to be performed by each NAIC zone.
  - F. Pursuant to the Bylaws, oversee the NAIC offices to assist the organization and the individual members in achieving the goals of the organization.
  - G. Conduct strategic planning on an ongoing basis.
  - H. Plan, implement and coordinate communications and activities with the Federal Insurance Office (FIO).
  - I. Plan, implement and coordinate communications and activities with other state, federal, local and international government organizations to advance the goals of the NAIC and promote understanding of state insurance regulation.
  - J. Review and approve requests for the development of model laws and/or regulations. Coordinate the review of existing model laws and/or regulations.
  - K. Select NAIC national meeting sites five and six years in advance of the meeting date to ensure efficient and economical locations and facilities.
  - L. Review and revise, as necessary and appropriate, the criteria and categories for registrants at NAIC national meetings.

NAIC Support Staff: Andrew J. Beal/Kay Noonan

Draft: 11/5/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Climate and Resiliency (EX) Task Force, Nov. 6, 2024*

## **2025 Proposed Charges**

### **CLIMATE AND RESILIENCY (EX) TASK FORCE**

The mission of the Climate and Resiliency (EX) Task Force is to serve as the coordinating NAIC body for discussion and engagement on climate-related risk and resiliency issues, including dialogue among state insurance regulators, industry, and other stakeholders.

1. The **Climate and Resiliency (EX) Task Force** will:

- A. Consider how state insurance departments that opt into the insurer's climate risk disclosure reporting requirement review the information received.
- B. Evaluate financial regulatory approaches to climate risk and resiliency in coordination with other relevant committees, task forces, and working groups, such as the International Insurance Relations (G) Committee, the Property and Casualty Insurance (C) Committee, the Financial Condition (E) Committee, and the Financial Stability (E) Task Force, including:
  - i. Evaluation of the use of modeling by carriers and their reinsurers concerning climate risk.
  - ii. Evaluation of how rating agencies incorporate climate risk into their analysis and governance.
  - iii. Evaluation of the potential solvency impact of insurers' exposures, including both underwriting and investments, to climate-related risks.
  - iv. Evaluation and development of climate risk-related disclosure, stress testing, and scenario modeling.
- C. Consider innovative insurer solutions to climate risk and resiliency, including:
  - i. Evaluation of how to apply technology and innovation to the mitigation of storm, wildfire, other climate risks, and earthquake.
  - ii. Evaluation of insurance product innovation directed at reducing, managing, and mitigating climate risk, as well as closing protection gaps.
- D. Identify adaptation, resilience, and mitigation issues and solutions related to the insurance industry.
- E. Consider pre-disaster mitigation and resiliency and the role of state insurance regulators in resiliency.
- F. Engage with the Center for Insurance Policy and Research (CIPR) Catastrophe Modeling Center of Excellence (COE) regarding climate-related risk and mitigation research and analysis.

NAIC Support Staff: Aaron Brandenburg/Libby Crews

Draft 11/6/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Government Relations (EX) Leadership Council, Nov. 6, 2024*

## **2025 Proposed Charges**

### **GOVERNMENT RELATIONS (EX) LEADERSHIP COUNCIL**

The Government Relations (EX) Leadership Council coordinates the NAIC's ongoing work with the federal government and state government officials on legislative and regulatory policy. The Leadership Council, in conjunction with the NAIC's other standing committees, is responsible for quickly responding to federal legislative and regulatory developments that affect insurance regulation.

The mission of the Government Relations (EX) Leadership Council is to develop, coordinate, and implement the NAIC's legislative, regulatory, and outreach initiatives. The Leadership Council will devise strategies for NAIC action and promote the participation of all NAIC members in the NAIC's government relations initiatives.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Government Relations (EX) Leadership Council** will:
  - A. Monitor, analyze, and respond to federal legislative and regulatory actions and other issues of importance to the NAIC membership.
  - B. Work with other standing committees, task forces, and working groups to help develop and communicate the NAIC's policy views to federal and state officials on pending legislation and regulatory issues by involvement of NAIC members through testimony, correspondence, and other approaches.
  - C. Develop a strategy and program for directly engaging NAIC members with the U.S. Congress and federal agencies to advocate for NAIC objectives and the benefits and efficiencies of state-based insurance regulation.
  - D. Secure broader participation from NAIC membership on all government affairs advocacy initiatives.
  - E. Report to the Executive (EX) Committee on all activities and matters relating to the annual charges of the Leadership Council.

NAIC Support Staff: Ethan Sonnichsen/Brian R. Webb/Shana Oppenheim

Draft: 8/26/24

*Adopted by Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Internal Administration (EX1) Subcommittee, Aug. 26, 2024*

## **2025 Proposed Charges**

### **INTERNAL ADMINISTRATION (EX1) SUBCOMMITTEE**

The mission of the Internal Administration (EX1) Subcommittee is to monitor the operations of the NAIC, including: 1) preparing a budget for Executive (EX) Committee review; 2) providing direction on personnel issues; 3) approving emergency expenditures; 4) evaluating the chief executive officer (CEO); and 5) assisting the CEO in resolving competing demands for NAIC staff resources.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Internal Administration (EX1) Subcommittee** will:
  - A. Review and approve all expenditures of funds not included in the annual budget by considering any fiscal impact statements of unbudgeted resource requests and reporting its actions to the Executive (EX) Committee.
  - B. Annually work with the CEO and other senior management to review the business operations plan, which will incorporate the Executive (EX) Committee's strategic management initiatives and report its actions to the Committee.
  - C. Oversee a review of any management areas of the NAIC that should be designated for formal operational reviews by working with the CEO.
  - D. Oversee the development, revision, and delivery of all NAIC education programs, or the addition of new programs, by coordinating with other committees, as appropriate, and providing direction to the CEO.
  - E. Receive a report at each national meeting from the Audit Committee, which will be chaired by the secretary-treasurer. The Audit Committee will meet with NAIC management at or before each national meeting, or more frequently as necessary, to review the NAIC financial statements and hear reports from NAIC management on emerging financial issues for the NAIC, and it will report such information to the Subcommittee. The Audit Committee shall also carry out the following activities pursuant to its charter:
    - i. Engage the NAIC's independent accountants with respect to the annual audit. This will include the appointment of an independent audit firm, a review of the results of the annual audit, and discussions with the independent auditors and NAIC management to ensure all audit comments or suggestions are addressed in a timely manner.
    - ii. Engage the NAIC's service advisory firm. This will include the selection of an independent firm to provide Statement on Standards for Attestation Engagements (SSAE) services to the NAIC.
  - F. Serve as the primary liaison between NAIC membership and the NAIC investment advisor, or appoint a subcommittee to act in that capacity, including receiving reports on the performance of the NAIC's investment portfolio and, from time to time, meeting directly with investment firm representatives to hear periodic reports and recommendations.
  - G. Review and revise, as necessary and appropriate, the criteria and categories for registrants at national meetings.
  - H. Conduct evaluations of the CEO and make appropriate recommendations to the Executive (EX) Committee. Consult with the CEO on the compensation of senior management.

NAIC Support Staff: Andrew J. Beal/Kay Noonan/Jim Woody

Draft: 10/11/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Life Insurance and Annuities (A) Committee, Oct. 21, 2024*

## **2025 Proposed Charges**

### **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE**

The mission of the Life Insurance and Annuities (A) Committee is to: 1) consider issues relating to life insurance and annuities; and 2) review new life insurance products.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Life Insurance and Annuities (A) Committee** will:
  - A. Monitor the activities of the Life Actuarial (A) Task Force.
  
2. The **Annuity Suitability (A) Working Group** will:
  - A. Consider how to promote greater uniformity in the adoption of the *Suitability in Annuity Transactions Model Regulation* (#275) across NAIC member jurisdictions.

NAIC Support Staff: Jennifer R. Cook/Jolie H. Matthews

Draft: 9/23/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Life Insurance and Annuities (A) Committee, Oct. 21, 2024

Adopted by the Life Actuarial (A) Task Force, Oct. 9, 2024

## 2025 Proposed Charges

### LIFE ACTUARIAL (A) TASK FORCE

The mission of the Life Actuarial (A) Task Force is to identify, investigate, and develop solutions to actuarial problems in the life insurance industry.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Life Actuarial (A) Task Force** will:
  - A. Work to keep reserve, reporting, and other actuarial-related requirements current. This includes principle-based reserving (PBR) and other requirements in the *Valuation Manual*, actuarial guidelines, and recommendations for appropriate actuarial reporting in blanks. Respond to charges from the Life Insurance and Annuities (A) Committee and referrals from other groups or committees, as appropriate.
  - B. Report progress on all work to the Life Insurance and Annuities (A) Committee and provide updates to the Financial Condition (E) Committee on matters related to life insurance company solvency. This work includes the following:
    - i. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality tables for valuation and minimum nonforfeiture requirements for life insurance and annuities, as appropriate.
    - ii. Provide recommendations for guidance and requirements for accelerated underwriting (AU) and other emerging underwriting practices, as needed.
    - iii. Work with the SOA on the annual development of the Generally Recognized Expense Table (GRET) factors.
    - iv. Provide recommendations and changes to other reserve and nonforfeiture requirements to address issues as appropriate and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.
    - v. Work with the selected vendor to develop and implement the new generator of economic scenarios (GOES) for use in regulatory reserve and capital calculations.
    - vi. Monitor international developments regarding life and health insurance reserving, capital, and related topics. Compare and benchmark these with PBR requirements.
    - vii. Coordinate with the Reinsurance (E) Task Force on actuarial items related to reinsurance.
2. The **Experience Reporting (A) Subgroup** will:
  - A. Continue the development of the experience reporting requirements within the *Valuation Manual*. Provide input on the process regarding the experience reporting agent, data collection, and subsequent analysis and use of experience submitted.

### LIFE ACTUARIAL (A) TASK FORCE (*Continued*)

3. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
  - A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
  - B. Review material GOES updates, either driven by periodic model maintenance or changes to the economic environment, and provide recommendations.
  - C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant GOES updates, and maintain a public timeline for GOES updates.
  - D. Support the implementation of the GOES for use in statutory reserve and capital calculations.
  - E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.
4. The **Life and Annuity Illustration (A) Subgroup** will:
  - A. Consider changes to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest to Policies Sold on or After December 14, 2020 (AG 49-A)*, as needed. Provide recommendations for the consideration of changes to the *Life Insurance Illustrations Model Regulation (#582)* to the Task Force, as needed.
  - B. Consider any guidance, actions, or recommendations that may be necessary to regulate annuity illustration practices.
5. The **Longevity Risk (E/A) Subgroup** of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group will:
  - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.
6. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
  - A. Monitor the variable annuities (VA) reserve framework and RBC calculation, and determine if revisions need to be made.
  - B. Develop and recommend appropriate changes, including those to improve the accuracy and clarity of VA capital and reserve requirements and reporting.
7. The **Valuation Manual (VM)-22 (A) Subgroup** will:
  - A. Recommend requirements for non-variable (fixed) annuities in the accumulation and payout phases for consideration by the Task Force, as appropriate. Continue working with the Academy on a PBR methodology for non-variable annuities.

NAIC Support Staff: Scott O’Neal/Jennifer Frasier

Draft: 11/8/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 19, 2024*

## **2025 Proposed Charges**

### **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE**

The mission of the Health Insurance and Managed Care (B) Committee is to consider issues relating to all aspects of health insurance.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Health Insurance and Managed Care (B) Committee** will:
  - A. Respond to inquiries from the U.S. Congress (Congress), the White House, and federal agencies; analyze policy implications and their effect on the states of proposed and enacted federal legislation and regulations; and communicate the NAIC's position through letters and testimony, when requested.
  - B. Monitor the activities of the Health Actuarial (B) Task Force.
  - C. Monitor the activities of the Regulatory Framework (B) Task Force.
  - D. Monitor the activities of the Senior Issues (B) Task Force.
  - E. Serve as the official liaison between the NAIC and the Joint Commission on Accreditation of Healthcare Organizations (Joint Commission), the National Committee for Quality Assurance (NCQA), and the Utilization Review Accreditation Commission (URAC).
  - F. Examine factors that contribute to rising health care costs and insurance premiums. Review state initiatives to address cost drivers.
  - G. Coordinate with appropriate Market Regulation and Consumer Affairs (D) Committee groups, as necessary, on health benefit plan and producer enforcement issues.
  - H. Coordinate with the Market Regulation and Consumer Affairs (D) Committee, as necessary, to collect uniform data and monitor market conduct trends on plans that are not regulated under the federal Affordable Care Act (ACA), including short-term, limited-duration (STLD) insurance, association health plans (AHPs), and packaged indemnity health products.
2. The **Consumer Information (B) Working Group** will:
  - A. Develop information or resources, as needed, that would be helpful to state insurance regulators and others in assisting consumers to better understand health insurance.
  - B. Review NAIC publications that touch on health insurance to determine if they need updating. If updates are needed, suggest specific revisions to the appropriate NAIC group or NAIC division to make the changes.

## HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE (*Continued*)

### 3. The **Health Innovations (B) Working Group** will:

- A. Gather and share information, best practices, experience, and data to inform and support health innovation at the state and national levels, including, but not limited to, state flexibility options through the ACA and other health insurance-related policy initiatives.
- B. Discuss state innovations related to health care—i.e., access, insurance plan designs, underlying medical and prescription drug costs, stability for health care and insurance as a whole, health insurer and provider consolidation or competition, the use of data in regulatory and policy decision making, and health care delivery and financing models—to achieve better patient outcomes and lower spending trends.
- C. Explore sources and methods for state insurance regulators to obtain data to inform health reform initiatives.
- D. Disseminate materials and reports, via the NAIC, to the states and the U.S. territories wishing to use the information gathered by the Working Group.
- E. Take up other matters as directed by the Health Insurance and Managed Care (B) Committee.

NAIC Support Staff: Jolie H. Matthews/Brian R. Webb/Jennifer R. Cook

Draft: 9/30/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 19, 2024*

*Adopted by the Health Actuarial (B) Task Force, Oct. 1, 2024*

## 2025 Proposed Charges

### HEALTH ACTUARIAL (B) TASK FORCE

The mission of the Health Actuarial (B) Task Force is to identify, investigate, and develop solutions to actuarial problems in the health insurance industry.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Health Actuarial (B) Task Force** will:
  - A. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate long-term care insurance (LTCI) rates, rating practices, and rate changes.
  - B. Provide support for issues related to implementation of, and/or changes to, the federal Affordable Care Act (ACA).
  - C. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.
  - D. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
  - E. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary to other NAIC groups relative to their work on health actuarial matters.
  - F. Monitor and evaluate the actuarial approach used in the multistate actuarial (MSA) rate review process as outlined in the MSA Framework document, and make modifications, as appropriate. Additionally, monitor and evaluate the progress of the MSA rate review process and the state insurance department rate review actions related to the MSA Framework.
2. The **Long-Term Care Actuarial (B) Working Group**:
  - A. Assist the Health Actuarial (B) Task Force in completing the following charges:
    - i. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate LTCI rates, rating practices, and rate changes.
    - ii. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a PBR framework.
    - iii. Develop LTCI experience reporting requirements in VM-50 and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
    - iv. Monitor and evaluate the actuarial approach used in the multistate actuarial (MSA) rate review process as outlined in the MSA Framework document, and make modifications, as appropriate. Additionally, monitor and evaluate the progress of the MSA rate review process and the state insurance department rate review actions related to the MSA Framework.

NAIC Support Staff: Eric King

Draft: 11/5/24

Adopted by the Executive (EX) Committee and Plenary, Dec. \_\_, 2024

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 19, 2024

Adopted by the Regulatory Framework (B) Task Force, Nov. 4, 2024

## 2025 Proposed Charges

### REGULATORY FRAMEWORK (B) TASK FORCE

The mission of the Regulatory Framework (B) Task Force is to: 1) develop NAIC model acts and regulations for state health care initiatives; and 2) consider policy issues affecting state health insurance regulation.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Regulatory Framework (B) Task Force** will:
  - A. Coordinate and develop the provision of technical assistance to the states regarding state-level implementation issues raised by federal health legislation and regulations.
  - B. Review managed health care reforms, their delivery systems occurring in the marketplace, and other forms of health care delivery. Recommend appropriate revisions to regulatory jurisdiction, authority, and structures.
  - C. Consider the development of new NAIC model laws and regulations and the revision of existing NAIC model laws and regulations, including those affected by federal legislation and final federal regulations promulgated pursuant to such legislation.
  - D. Continue to review NAIC models recommended for revision by the former Affordable Care Act (ACA) Model Review (B) Working Group, and, as appropriate, appoint a working group or subgroup to revise the NAIC model(s) prioritized for revision in 2025.
  - E. At the direction of the Health Insurance and Managed Care (B) Committee, through the work of the Employee Retirement Income Security Act (ERISA) (B) Working Group, monitor, analyze, and report developments related to association health plans (AHPs).
  - F. Monitor, analyze, and report, as necessary, developments related to excepted benefits coverage and short-term, limited-duration (STLD) coverage.
2. The **ERISA (B) Working Group** will:
  - A. Monitor, report, and analyze developments related to ERISA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
  - B. Monitor, facilitate, and coordinate with the states and the U.S. Department of Labor (DOL) efforts related to sham health plans.
  - C. Monitor, facilitate, and coordinate with the states and the DOL regarding compliance and enforcement efforts regarding the ACA that relate to ERISA.
  - D. Review the *Health and Welfare Plans Under the Employee Retirement Income Security Act: Guidelines for State and Federal Regulation* (ERISA Handbook), and modify it, as necessary, to reflect developments related to ERISA. Report annually.

## REGULATORY FRAMEWORK (B) TASK FORCE *(Continued)*

3. The **Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group** will:
  - A. Monitor, report, and analyze developments related to the MHPAEA, and make recommendations regarding NAIC strategy and policy with respect to those developments.
  - B. Monitor, facilitate, and coordinate best practices with the states, the DOL, and the U.S. Department of Health and Human Services (HHS) related to the MHPAEA.
  - C. Develop and provide resources to the states to support a greater understanding of laws, policies, and market conditions related to the MHPAEA.
  - D. Provide supplemental resources to support documentation and reporting in the MHPAEA chapter of the *Market Regulation Handbook*.
  - E. Coordinate with and provide input to Market Regulation and Consumer Affairs (D) Committee groups, as necessary, regarding mental health parity market conduct examinations.
  
4. The **Pharmaceutical Benefit Management Regulatory Issues (B) Working Group** will:
  - A. Serve as a forum to educate state insurance regulators on issues related to pharmacy benefit manager (PBM) regulation and other stakeholders in the prescription drug ecosystem.
  - B. Gather and share information, best practices, experience, and data to inform and support dialogue and information-sharing among state insurance regulators on issues related to PBM regulation, such as examinations and contracting, and pharmaceutical drug pricing and transparency.
  - C. As the subject matter experts (SMEs) and to promote uniformity across the states, while remaining sensitive to variation in state approaches, develop a chapter for inclusion in the *Market Regulation Handbook* establishing examination standards for PBMs and related regulated entities for referral and consideration by the Market Conduct Examination Guidelines (D) Working Group.
  - D. Maintain a current listing of PBM laws and regulations and case law for reference by state insurance regulators.
  - E. Disseminate materials and reports, via the NAIC, to the states and the U.S. territories wishing to use the information gathered by the Working Group.
  - F. Monitor, facilitate, and coordinate with the states and federal agencies to ensure compliance and enforcement efforts regarding PBMs.

NAIC Support Staff: Jolie H. Matthews/Jennifer R. Cook

Draft: 10/23/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Health Insurance and Managed Care (B) Committee, Nov. 19, 2024

Adopted by the Senior Issues (B) Task Force, Oct. 21, 2024

## 2025 Proposed Charges

### SENIOR ISSUES (B) TASK FORCE

The mission of the Senior Issues (B) Task Force is to: 1) consider policy issues; 2) develop appropriate regulatory standards; and 3) revise, as necessary, the NAIC models, consumer guides, and training material on Medicare supplement insurance, long-term care insurance (LTCI), senior counseling programs, and other insurance issues that affect older Americans.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Senior Issues (B) Task Force** will:
  - A. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides, and training material on Medicare supplement insurance, senior counseling programs, and other insurance issues that affect older Americans. Work with federal agencies to advance appropriate regulatory standards for Medicare supplement and other forms of health insurance applicable to older Americans. Review the *Medicare Supplement Insurance Minimum Standards Model Act* (#650) and the *Model Regulation to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act* (#651) to determine if amendments are required based on changes to federal law. Work with the federal Centers for Medicare & Medicaid Services (CMS) to revise the annual joint publication, *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*.
  - B. Monitor the Medicare Advantage and Medicare Part D marketplace. Assist states, as necessary, with regulatory issues. Maintain dialogue and coordinate with the CMS on regulatory issues, including solvency oversight of waived plans and agent misconduct. Assist states and serve as a clearinghouse for information on Medicare Advantage plan activity.
  - C. Provide the perspective of state insurance regulators to the U.S. Congress, as appropriate, and the CMS on insurance issues, including those concerning the effect and result of federal activity on the senior citizen health insurance marketplace and regulatory scheme. Review and monitor state and federal relations with respect to senior health care initiatives and other impacts on the states.
  - D. Monitor developments concerning State Health Insurance Assistance Programs (SHIPs), including information on legislation affecting the funding of SHIPs. Assist the states with issues relating to SHIPs and support a strong partnership between SHIPs and the CMS. Provide the perspective of state insurance regulators to federal officials, as appropriate, on issues concerning SHIPs.
  - E. Monitor, maintain, and review, in accordance with changes to Model #651, a record of state approvals of all Medicare supplement insurance new or innovative benefits for use by state insurance regulators and others. Review state-approved new or innovative benefits and consider whether to recommend that they be made part of standard benefit plan designs in Model #651.
  - F. Develop appropriate regulatory standards and revisions, as necessary, to the NAIC models, consumer guides, and training material on LTCI, including the study and evaluation of evolving LTCI product design, rating, suitability, and other related factors. Monitor ongoing research and maintenance of guidance regarding reduced benefit options (RBOs) and make necessary modifications to the *Long-Term Care Insurance Model Act* (#640) and the *Long-Term Care Insurance Model Regulation* (#641). Work with federal agencies, as appropriate.

**SENIOR ISSUES (B) TASK FORCE *(Continued)***

- G. Examine examples of health-related financial exploitation of seniors and work with other NAIC committees, task forces, and working groups on possible solutions.
- H. Examine the effects of structural racism and the COVID-19 pandemic on access, affordability, and outcomes for older insurance consumers.

NAIC Support Staff: David Torian

Draft: 11/19/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024

## 2025 Proposed Charges

### PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

The mission of the Property and Casualty Insurance (C) Committee is to: 1) monitor and respond to problems associated with the products, delivery, and cost in the property/casualty (P/C) insurance market and the surplus lines market as they operate with respect to individual persons and businesses; 2) monitor and respond to problems associated with financial reporting matters for P/C insurers that are of interest to regulatory actuaries and analysts; and 3) monitor and respond to problems associated with the financial aspects of the surplus lines market.

#### Ongoing Support of NAIC Programs, Products or Services

1. The **Property and Casualty Insurance (C) Committee** will:
  - A. Discuss issues arising and make recommendations with respect to advisory organization and insurer filings for personal and commercial lines, as needed. Report yearly.
  - B. Monitor the activities of the Casualty Actuarial and Statistical (C) Task Force.
  - C. Monitor the activities of the Surplus Lines (C) Task Force.
  - D. Monitor the activities of the Title Insurance (C) Task Force.
  - E. Monitor the activities of the Workers' Compensation (C) Task Force.
  - F. Provide an impartial forum for considering appeals of adverse decisions involving alien insurers delisted or rejected for listing to the *Quarterly Listing of Alien Insurers*. Appeal procedures are described in the International Insurers Department (IID) Plan of Operation.
  - G. Monitor and review developments in case law related to risk retention groups (RRGs). If warranted, make appropriate recommendations to the Risk Retention Group (E) Task Force for changes to the *Risk Retention and Purchasing Group Handbook*.
  - H. Monitor the activities of the Federal Crop Insurance Corporation (FCIC) that affect state insurance regulators:
    - i. Serve as a forum for discussing issues related to the interaction of federal crop insurance programs with state insurance regulation.
    - ii. Review law changes and court decisions, and, if warranted, make appropriate changes to the *Federal Crop Insurance Program Handbook: A Guide for Insurance Regulators*.
    - iii. Monitor the regulatory information exchanges between the FCIC and state insurance regulators, as well as the FCIC and the NAIC, and make recommendations for improvements or revisions, as needed.
  - I. Monitor regulatory issues that arise with the development of autonomous vehicles. Study and, if necessary, develop recommendations for changes needed to the state-based insurance regulatory framework.
  - J. Provide a forum for discussing issues related to parametric insurance, and consider the development of a white paper or regulatory guidance.
  - K. Study and report on the availability and affordability of liability and property coverage for non-profit organizations.

## PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (*Continued*)

- L. Assist state insurance regulators in better assessing their markets and insurer underwriting practices by developing property market data intelligence so regulators can better understand how markets are performing in their states, and identify potential new coverage gaps, including changes in deductibles and coverage types, and affordability and availability issues. Provide analysis of property insurance markets to states.
  - M. Provide a forum for discussing issues related to the use of telematics in insurance, and consider the development of a white paper or regulatory guidance.
2. The **Cannabis Insurance (C) Working Group** will:
- A. Assess and periodically report on the status of federal legislation and regulation involving cannabis, especially as it pertains to protecting financial institutions from liability associated with providing services to cannabis businesses operating legally under state law.
  - B. Support insurance regulators' efforts to encourage the development of admitted market insurers, as well as the expansion of existing admitted market insurers, and reinsurers supporting the market, to ensure coverage adequacy in states where cannabis, including hemp, is legal.
  - C. Stay abreast of new products and innovative ideas that may shape insurance in this space. Provide insurance resources to insurance regulators and stakeholders, as needed.
  - D. Explore potential sources of constraint to coverage limits and availability of cannabis insurance products within the admitted and non-admitted market. Explore the effect of the use of cannabis and related products on P/C insurance lines of business.
3. The **Catastrophe Insurance (C) Working Group** will:
- A. Monitor and recommend measures to improve the availability and affordability of insurance and reinsurance related to catastrophe perils for personal and commercial lines.
  - B. Evaluate potential state, regional, and national programs to increase capacity for insurance and reinsurance related to catastrophe perils, including mitigation efforts being used in states and investigating loss trends in homeowners markets, with the goal to provide rate stability in the marketplace and protect consumers.
  - C. Monitor and assess proposals that address disaster insurance issues at the federal and state levels. Assess concentration-of-risk issues and whether a regulatory solution is needed.
  - D. Provide a forum for discussing issues and recommending solutions related to insuring for catastrophe risk, including terrorism, war, and natural disasters.
  - E. Investigate and recommend ways the NAIC can assist states in responding to disasters by continuing to build the NAIC's Catastrophe Resource Center for state insurance regulators to better prepare for disasters.
  - F. Continue to monitor the growth of the private flood insurance market and assess the actions taken by individual states to facilitate growth. Update the Considerations for Private Flood Insurance appendix to include new ways states are growing the private flood insurance market and discuss.
  - G. Collaborate with other Task Forces and Working Groups regarding discussion of comparable topics, monitor catastrophe-related data calls, and keep informed about projects addressing the special needs of catastrophe data.
  - H. Study, in coordination with other NAIC task forces and working groups, earthquake, severe convective storms, and wildfire matters of concern to state insurance regulators.
  - I. Work with the Catastrophe Modeling Center of Excellence (COE) in order to be aware of what states are doing related to mitigation.

## PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE (*Continued*)

4. The **NAIC/Federal Emergency Management Agency (FEMA) (C) Working Group** will:
  - A. Assist state insurance regulators in engaging and collaborating with FEMA on an ongoing basis by establishing a process for the oversight, prioritization, and reporting of disaster-related regional workshops and other exercises to improve disaster preparation and resilience.
  - B. Liaise with insurers and FEMA to provide timely information to necessary parties following a catastrophic loss.
  - C. Discuss ways in which states in the same FEMA region can collaborate and share information with other states in their FEMA region.
  
5. The **Terrorism Insurance Implementation (C) Working Group** will:
  - A. Coordinate the NAIC's efforts to address insurance coverage for acts of terrorism. Work with the U.S. Department of the Treasury's (Treasury Department's) Terrorism Risk Insurance Program (TRIP) Office on matters of mutual concern. Discuss long-term solutions to address the risk of loss from acts of terrorism.
  - B. Review and report on data collection related to insurance coverage for acts of terrorism.
  
6. The **Transparency and Readability of Consumer Information (C) Working Group** will:
  - A. Facilitate consumers' capacity to understand the content of insurance policies and assess differences in insurers' policy forms.
  - B. Assist other groups with drafting language included within consumer-facing documents.
  - C. Develop voluntary regulatory guidance for disclosures for premium increases related to P/C insurance products.
  - D. Update and develop web page and mobile content for *A Shopping Tool for Homeowners Insurance* and *A Shopping Tool for Automobile Insurance*, as needed.
  - E. Study and evaluate ways to engage department of insurance (DOI) communication with more diverse populations, such as rural communities.

NAIC Support Staff: Aaron Brandenburg

Draft: 11/5/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024

Adopted by the Casualty Actuarial and Statistical (C) Task Force, Oct. 7, 2024

## 2025 Proposed Charges

### CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

The mission of the Casualty Actuarial and Statistical (C) Task Force is to identify, investigate and develop solutions to actuarial problems and statistical issues in the property/casualty (P/C) insurance industry.

The Task Force's goals are to assist state insurance regulators with maintaining the financial health of P/C insurers; ensuring P/C insurance rates are not excessive, inadequate or unfairly discriminatory; and ensuring that appropriate data regarding P/C insurance markets are available.

1. The **Casualty Actuarial and Statistical (C) Task Force** will:

- A. Provide reserving, pricing, ratemaking, statistical, and other actuarial support to NAIC committees, task forces, and/or working groups. Propose changes to the appropriate work products, with the most common work products noted below, and present comments on proposals submitted by others relating to casualty actuarial and statistical matters. Monitor the activities regarding casualty actuarial issues, including the development of financial services regulations and statistical reporting, including disaster.
  - i. Property and Casualty Insurance (C) Committee: Ratemaking, reserving, or data issues.
  - ii. Blanks (E) Working Group: Property/casualty (P/C) annual financial statement, including Schedule P; P/C quarterly financial statement; and P/C quarterly and annual financial statement instructions, including the Statement of Actuarial Opinion (SAO) and Actuarial Opinion Summary Supplement.
  - iii. Capital Adequacy (E) Task Force: P/C risk-based capital (RBC) report.
  - iv. Statutory Accounting Principles (E) Working Group: *Accounting Practices and Procedures Manual* (AP&P Manual), and review and provide comments on statutory accounting issues being considered under *Statement of Statutory Accounting Principles (SSAP) No. 65—Property and Casualty Contracts*.
  - v. Speed to Market (D) Working Group: P/C actuarial sections of the *Product Filing Review Handbook*.
- B. Monitor national casualty actuarial developments, and consider regulatory implications.
  - i. Casualty Actuarial Society (CAS): Statements of Principles and Syllabus of Basic Education.
  - ii. American Academy of Actuaries (Academy): Standards of Practices, Council on Professionalism, and Casualty Practice Council.
  - iii. Society of Actuaries (SOA): Anticipated changes to education pathways.
  - iv. Federal legislation.
- C. Facilitate discussion among state insurance regulators regarding rate filing issues of common interest across the states through the scheduling of regulator-to-regulator meetings.
- D. Conduct the following predictive analytics work:
  - i. Facilitate training and the sharing of expertise through predictive analytics webinars (Book Club).
  - ii. Coordinate with the Innovation, Cybersecurity, and Technology (H) Committee and the Life Actuarial (A) Task Force on the tracking of new uses of artificial intelligence (AI), auditing algorithms, product development, and other emerging regulatory issues. Discuss regulatory oversight of AI and machine learning (ML) in insurers' ratemaking, reserving, and other activities.
  - iii. With the NAIC Rate Model team's assistance, discuss guidance for the regulatory review of models used in rate filings.
- E. Research cyber liability insurance, and discuss regulatory data needs.

## CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE (*Continued*)

2. The **Actuarial Opinion (C) Working Group** will:
  - A. Propose revisions to the following as needed, especially to improve actuarial opinions, actuarial opinion summaries, and actuarial reports, as well as the regulatory analysis of these actuarial documents and loss and premium reserves:
    - i. *Financial Analysis Handbook*.
    - ii. *Financial Condition Examiners Handbook*.
    - iii. *Annual Statement Instructions—Property/Casualty*.
    - iv. Regulatory guidance to appointed actuaries and companies.
    - v. Other financial blanks and instructions, as needed.
  - B. Assess the need for changes to the Property and Casualty Statement of Actuarial Opinion instructions upon release of the SOA's proposed changes to its education pathways.
  
3. The **Statistical Data (C) Working Group** will:
  - A. Consider updates and changes to the *Statistical Handbook of Data Available to Insurance Regulators* to improve data quality and reporting standards.
  - B. Consider updates and developments, provide technical assistance, and oversee the production of the following reports and databases. Periodically, evaluate the demand and utility versus the costs of production of each product.
    - i. *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance* (Homeowners Report).
    - ii. *Auto Insurance Database Report* (Auto Report).
    - iii. *Competition Database Report* (Competition Report).
    - iv. *Report on Profitability by Line by State Report* (Profitability Report).
  - C. Enhance the expedited reporting and publication of average auto and average homeowners premium portions of the annual Auto Report and Homeowners Report.

NAIC Support Staff: Kris DeFrain/Roberto Perez/Libby Crews

Draft: 11/19/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024*

*Adopted by the Surplus Lines (C) Task Force, Aug. 13, 2024*

## **2025 Proposed Charges**

### **SURPLUS LINES (C) TASK FORCE**

The mission of the Surplus Lines (C) Task Force is to monitor the surplus lines market and regulation, including the activity and financial condition of U.S. and non-U.S. surplus lines insurers participating in the U.S. market by providing a forum for discussion of issues and to develop or amend relevant NAIC model laws, regulations and/or guidelines.

1. The **Surplus Lines (C) Task Force** will:

- A. Provide a forum for discussion of current and emerging surplus lines-related issues and topics of public policy and determine appropriate regulatory response and action.
- B. Review and analyze industry data on U.S. domestic and non-U.S. surplus lines insurers participating in the U.S. market.
- C. Monitor federal legislation related to the surplus lines market, and ensure all interested parties remain apprised.
- D. Develop or amend relevant NAIC model laws, regulations, and/or guidelines.
- E. Oversee the activities of the Surplus Lines (C) Working Group.

2. The **Surplus Lines (C) Working Group** will:

- A. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings and in open session when discussing surplus lines topics and policy issues, such as amendments to the International Insurers Department (IID) Plan of Operation.
- B. Maintain and draft new guidance within the IID Plan of Operation regarding standards for admittance and continued inclusion on the NAIC *Quarterly Listing of Alien Insurers*.
- C. Review and consider appropriate decisions regarding applications for admittance to the NAIC *Quarterly Listing of Alien Insurers*.
- D. Analyze renewal applications of alien surplus lines insurers on the NAIC Quarterly Listing of Alien Insurers and ensure solvency and compliance per the IID Plan of Operation guidelines for continued listing.
- E. Provide a forum for surplus lines-related discussion among jurisdictions.

NAIC Support Staff: Andy Daleo

Draft: 10/5/24

*Adopted by the Executive (EX) Committee and Plenary, XX. --, 2024*

*Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024*

*Adopted by the Title Insurance (C) Task Force, Oct. 4, 2024*

## **2025 Proposed Charges**

### **TITLE INSURANCE (C) TASK FORCE**

The mission of the Title Insurance (C) Task Force is to study issues related to title insurers and title insurance producers.

1. The **Title Insurance (C) Task Force** will:
  - A. Discuss and/or monitor issues and developments affecting the title insurance industry, and provide support and expertise to other NAIC committees, task forces and/or working groups, or outside entities, as appropriate.
  - B. Review and assist various regulatory bodies in combating fraudulent and/or unfair real estate settlement activities. Such efforts could include working with the Antifraud (D) Task Force and other NAIC committees, task forces, and/or working groups to combat mortgage fraud and mitigating title agent defalcations through the promotion of closing protection letters (CPLs) and other remedies.
  - C. Consult with the Consumer Financial Protection Bureau (CFPB) and other agencies responsible for information, education, and disclosure for mortgage lending, closing, and settlement services about the role of title insurance in the real estate transaction process.
  - D. Update the *Survey of State Laws Regarding Title Data and Title Matters report* and the *Title Insurance Consumer Shopping Tool Template* as needed.
  - E. Stay abreast of consumer issues and complaints submitted to states regarding title insurance. Consider regulatory best practices or standards related to consumer protection.
  - F. Evaluate alternative title products and provide guidance to state insurance regulators as needed.

NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg

Draft: 10/24/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Property and Casualty Insurance (C) Committee, Nov. 19, 2024*

*Adopted by the Workers' Compensation (C) Task Force Oct. 23, 2024*

## **2025 Proposed Charges**

### **WORKERS' COMPENSATION (C) TASK FORCE**

The mission of the Workers' Compensation (C) Task Force is to study the nature and effectiveness of state approaches to workers' compensation and related issues, including, but not limited to: assigned risk plans; safety in the workplace; treatment of investment income in rating; occupational disease; cost containment; and the relevance of adopted NAIC model laws, regulations and/or guidelines pertaining to workers' compensation.

#### **Ongoing Support of NAIC Programs, Products, or Services:**

1. The **Workers' Compensation (C) Task Force** will:
  - A. Oversee the activities of the NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group.
  - B. Discuss issues with respect to advisory organizations, rating organizations, statistical agents, and insurance companies in the workers' compensation arena.
  - C. Monitor the movement of business from the standard markets to the assigned risk pools. Alert state insurance department representatives if the growth of assigned risk pools changes dramatically.
  - D. Follow workers' compensation issues regarding cannabis in coordination with the Cannabis Insurance (C) Working Group.
  - E. Discuss issues affecting workers' compensation.
2. The **NAIC/International Association of Industrial Accident Boards and Commissions (IAIABC) Joint (C) Working Group** will:
  - A. Study issues of mutual concern to state insurance regulators and the IAIABC. Review relevant IAIABC model laws and white papers and consider possible charges based on the Working Group's recommendations.

NAIC Support Staff: Sara Robben/Aaron Brandenburg

Draft: 11/4/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Market Regulation and Consumer Affairs (D) Committee, Nov. 19, 2024*

## **2025 Proposed Charges**

### **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE**

The mission of the Market Regulation and Consumer Affairs (D) Committee is to monitor all aspects of the market regulatory process for continuous improvement. This includes market analysis, regulatory interventions with companies, and multi-jurisdictional collaboration. The Committee will also review and make recommendations regarding the underwriting and market practices of insurers and producers, as those practices affect insurance consumers, including the availability and affordability of insurance.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Market Regulation and Consumer Affairs (D) Committee** will:
  - A. Monitor the centralized collection and storage of market conduct data, national analysis, and reporting at the NAIC, including issues regarding the public availability of data.
  - B. Monitor and assess the current process for multi-jurisdictional market conduct activities, and provide appropriate recommendations for enhancement, as necessary.
  - C. Oversee the activities of the Antifraud (D) Task Force.
  - D. Oversee the activities of the Producer Licensing (D) Task Force.
  - E. Monitor the underwriting and market practices of insurers and producers, as well as the conditions of insurance marketplaces, including urban markets, to identify specific market conduct issues of importance and concern. Hold public hearings on these issues at the NAIC national meetings, as appropriate.
  - F. In collaboration with other technical working groups, discuss and share best practices through public forums to address broad consumer concerns regarding personal insurance products.
  - G. Coordinate with the International Insurance Relations (G) Committee to develop input and submit comments to the International Association of Insurance Supervisors (IAIS) and/or other related groups on issues regarding market regulation concepts.
  - H. Coordinate with the Health Insurance and Managed Care (B) Committee to provide policy recommendations regarding uniform state enforcement of the federal Affordable Care Act (ACA).
  
2. The **Advisory Organization (D) Working Group** will:
  - A. Revise the protocols, as necessary, for the examination of national or multistate advisory organizations (including rating organizations and statistical agents) to be more comprehensive and efficient. Solicit input and collaboration from other interested and affected committees and task forces.
  - B. Monitor the data reporting and data collection processes of advisory organizations (including rating organizations and statistical agents) to determine if they are implementing appropriate measures to ensure data quality. Report the results of this ongoing charge, as needed.
  - C. Actively assist with and coordinate multistate examinations of advisory organizations (including rating organizations and statistical agents).

## MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

3. The **Market Actions (D) Working Group** will:
  - A. Facilitate interstate communication, and coordinate collaborative state regulatory actions.
  - B. Facilitate interstate communication, and coordinate collaborative state regulatory activities involving nontraditional market actions through the Coordinated Market Investigation Subgroup.
4. The **Market Analysis Procedures (D) Working Group** will:
  - A. Recommend changes to the market analysis framework based on results over the past five years, including the current set of Level 1 and Level 2 questions.
  - B. In accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.
  - C. Discuss other market data collection issues, and make recommendations, as necessary.
  - D. Consider recommendations for new lines of business for the Market Conduct Annual Statement (MCAS).
  - E. Create and monitor the effectiveness and usefulness of public MCAS ratios.
5. The **Market Conduct Annual Statement Blanks (D) Working Group** will:
  - A. Review the MCAS data elements and the “Data Call and Definitions” for those lines of business that have been in effect for more than three years and update them, as necessary.
  - B. Develop an MCAS blank to be used for the collection of data for additional lines of business, where appropriate.
6. The **Market Conduct Examination Guidelines (D) Working Group** will:
  - A. Develop market conduct examination standards, as necessary, for inclusion in the *Market Regulation Handbook*.
  - B. Monitor the adoption and revision of NAIC models, and develop market conduct examination standards to correspond with adopted NAIC models.
  - C. Develop updated standardized data requests, as necessary, for inclusion in the *Market Regulation Handbook*.
  - D. Discuss the development of uniform market conduct procedural guidance (e.g., a library, repository, or shared collaborative space with market conduct examination templates, such as an exam call letter, exam exit agenda, etc.) for inclusion in, or for use in conjunction with, the *Market Regulation Handbook*.
  - E. Coordinate with the Innovation, Cybersecurity, and Technology (H) Committee to develop market conduct examiner guidance for the oversight of regulated entities’ use of insurance and non-insurance consumer data and models using algorithms and artificial intelligence (AI). (*New Product*)
7. The **Market Information Systems (D) Working Group** will:
  - A. Analyze the data in the NAIC Market Information Systems (MIS). In accordance with the first recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, recommend methods to ensure better data quality.
  - B. In conjunction with the Market Analysis Procedures (D) Working Group and in accordance with the second recommendation of the adopted *Review of Artificial Intelligence Techniques in Market Analysis*, assess currently available market analysis data to identify needed improvements in the effectiveness of the data for market analysis and the predictive abilities of the market scoring systems utilizing the data.

## MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE (*Continued*)

- C. Provide guidance on the appropriate use of the MIS and the data entered in them.
    - i. Complaints Database System (CDS).
    - ii. Electronic Forums.
    - iii. Market Actions Tracking System (MATS).
    - iv. Market Analysis Profile.
    - v. Market Analysis Prioritization Tool (MAPT).
    - vi. Market Analysis Review System (MARS).
    - vii. Market Conduct Annual Statement (MCAS).
    - viii. Regulatory Information Retrieval System (RIRS).
    - ix. 1033 State Decision Repository (SDR1033) (in conjunction with the Antifraud (D) Task Force).
  - D. Serve as the business partner to review and prioritize submitted Uniform System Enhancement Request (USER) forms to ensure efficient use of available NAIC staffing and resources.
8. The **Market Regulation Certification (D) Working Group** will:
- A. Implement the *Voluntary Market Regulation Certification Program* by: i) provisionally certifying each jurisdiction that submits a self-certification report; ii) assessing the submission and monitoring the progress of each provisionally certified jurisdiction towards compliance to each certification standard; and iii) providing peer review and guidance for any participating jurisdiction that requests guidance.
  - B. Develop a mechanism for enabling participating jurisdictions to apply for full certification. This will include: i) forming an NAIC review team and ii) developing methods for assessing and auditing full-certification requests.
  - C. Review feedback from jurisdictions concerning any issues or recommended changes to the *Voluntary Market Regulation Certification Program* requirements and the *Market Regulation Certification Program Self-Assessment Guidelines* and *Checklist Tool*.
  - D. Consider new standards to be incorporated into the *Voluntary Market Regulation Certification Program*.
9. The **Speed to Market (D) Working Group** will:
- A. Consider proposed System for Electronic Rates & Forms Filing (SERFF) features or functionality presented to the Working Group by the Product Steering Committee (PSC). Review periodic reports from the PSC, as needed.
  - B. Provide feedback and recommendations concerning the SERFF modernization when requested by the Executive (EX) Committee and any group assigned oversight of the SERFF modernization by the Executive (EX) Committee.
  - C. Discuss and oversee the implementation and ongoing maintenance/enhancement of speed-to-market operational efficiencies related to product filing needs, efficiencies, and effective consumer protection. This includes the following activities:
    - i. Provide a forum to gather information from the states and the industry regarding tools, policies, and resolutions to assist with common filing issues. Provide oversight in evaluating product filing efficiency issues for state insurance regulators and the industry, particularly regarding uniformity.
    - ii. Use SERFF data to develop, refine, implement, collect, and distribute common filing metrics that provide a tool to measure the success of the speed-to-market modernization efforts, as measured by nationwide and individual state speed-to-market compliance, with an emphasis on monitoring state regulatory and insurer responsibilities for speed to market for insurance products.
    - iii. Facilitate proposed changes to the product coding matrices (PCMs) and the uniform transmittal document (UTD) on an annual basis, including the review, approval, and notification of changes. Monitor, assist with, and report on state implementation of any PCM changes.

## MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE *(Continued)*

- iv. Facilitate the review and revision of the *Product Filing Review Handbook*, which contains an overview of all the operational efficiency tools and describes best practices for industry filers and state reviewers regarding the rate and form filing and review process. Develop and implement a communication plan to inform the states about the *Product Filing Review Handbook*.
- D. Provide direction to NAIC staff regarding SERFF functionality, implementation, development, and enhancements. Receive periodic reports from NAIC staff, as needed.
- E. Conduct the following activities, as desired, by the Interstate Insurance Product Regulation Commission (Compact):
  - i. Provide support to the Compact as the speed-to-market vehicle for asset-based insurance products, encouraging state participation in, and the industry's usage of, the Compact.
  - ii. Receive periodic reports from the Compact, as needed.

NAIC Support Staff: Tim Mullen/Randy Helder

Draft: 10/30/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Market Regulation and Consumer Affairs (D) Committee, Nov. 19, 2024*

*Adopted by the Antifraud (D) Task Force, Oct. 31, 2024*

## **2025 Proposed Charge**

### **ANTIFRAUD (D) TASK FORCE**

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, through the detection, monitoring, and appropriate referral for the investigation of insurance crime, both by and against consumers. The Task Force will assist the insurance regulatory community by conducting the following activities: 1) maintaining and improving electronic databases regarding fraudulent insurance activities; 2) disseminating the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) providing a liaison function between state insurance regulators, law enforcement—i.e., federal, state, local, and international—and other specific antifraud organizations. The Task Force will also serve as a liaison with the NAIC Information Technology Group (ITG) and other NAIC committees, task forces, and/or working groups to develop technological solutions for data collection and information sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **Antifraud (D) Task Force** will:

- A. Work with NAIC committees, task forces, and working groups (e.g., Title Insurance (C) Task Force, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
- B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
- C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
- D. Coordinate with state, federal, and international law enforcement agencies in addressing antifraud issues relating to the insurance industry.
- E. Review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
- F. Coordinate activities and information from national antifraud organizations, and provide information to state insurance fraud bureaus.
- G. Coordinate activities and information with state and federal fraud divisions to determine guidelines that will assist with reciprocal involvement concerning antifraud issues resulting from natural disasters and catastrophes.
- H. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
- I. Evaluate and recommend methods to track national fraud trends.
- J. Develop seminars, trainings, and webinars regarding insurance fraud. Provide three webinars by the 2025 Fall National Meeting.

## **ANTIFRAUD (D) TASK FORCE *(Continued)***

2. The **Antifraud Technology (D) Working Group** will:
  - A. Work with the NAIC to develop an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions. Complete by the 2025 Fall National Meeting.
  - B. Evaluate sources of antifraud data, and propose methods for enhancing the utilization and exchange of information among state insurance regulators, fraud investigative divisions, law enforcement officials, insurers, and antifraud organizations. Complete by the 2025 Fall National Meeting.
  
3. The **Improper Marketing of Health Insurance (D) Working Group** will:
  - A. Coordinate with state insurance regulators, both on a state and federal level, to provide assistance and guidance monitoring the improper marketing of health plans, and coordinate appropriate enforcement actions, as needed, with other NAIC committees, task forces, and working groups.
  - B. Review existing NAIC models and guidelines that address the use of lead generators for sales of health insurance products, and identify models and guidelines that need to be updated or developed to address current marketplace activities.

NAIC Support Staff: Greg Welker/Lois E. Alexander

Draft: 10/31/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Market Regulation and Consumer Affairs (D) Committee, Nov. 19, 2024*

*Adopted by the Producer Licensing (D) Task Force, Oct. 31, 2024*

## **2025 Proposed Charges**

### **PRODUCER LICENSING (D) TASK FORCE**

The mission of the Producer Licensing (D) Task Force is to 1) develop and implement uniform license applications, standards, interpretations, and treatment of producer and adjuster licensees and licensing terminology; 2) monitor and respond to developments related to licensing reciprocity; 3) coordinate with industry and consumer groups regarding priorities for licensing reforms; and 4) provide direction based on NAIC membership initiatives to the National Insurance Producer Registry (NIPR) Board of Directors regarding the development and implementation of uniform producer licensing initiatives, with a primary emphasis on encouraging the use of electronic technology.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Producer Licensing (D) Task Force** will:

- A. Work closely with NIPR to encourage the full utilization of NIPR products and services by all the states and producers, and encourage accurate and timely reporting of state administrative actions to the NAIC's Regulatory Information Retrieval System (RIRS) to ensure that this data is properly reflected in the State Producer Licensing Database (SPLD) and the Producer Database (PDB).
- B. Facilitate roundtable discussions, as needed, with the state producer licensing directors for the exchange of views, opinions, and ideas on producer licensing activities in the states and at the NAIC.
- C. Discuss, as necessary, state perspectives regarding the regulation and benefit of the activities of the federal Affordable Care Act (ACA), established enrollment assisters (including navigators and non-navigator assisters and certified application counselors), and the activities of producers in assisting individuals and businesses purchasing in the health insurance marketplaces. Coordinate with the Health Insurance and Managed Care (B) Committee and the Antifraud (D) Task Force, as necessary.
- D. Monitor the activities of the National Association of Registered Agents and Brokers (NARAB) in the development and enforcement of the NARAB membership rules, including the criteria for successfully passing a background check.
- E. Coordinate through NAIC staff to provide guidance to NIPR on producer licensing-related electronic initiatives. Hear a report from NIPR at each national meeting.
- F. Coordinate with the Market Information Systems (D) Task Force and the Antifraud (D) Task Force to evaluate and make recommendations regarding the entry, retention, and use of data in the NAIC's Market Information Systems (MIS).
- G. Coordinate with the Special (EX) Committee on Race and Insurance on referrals affecting insurance producers.
- H. Discuss how criminal convictions may affect producer licensing applicants, review, and amend the NAIC *Guidelines for State Insurance Regulators to the Violent Crime Control and Law Enforcement Act of 1994* as needed to create a more simplified and consistent approach in how states review 1033 waiver requests.

## PRODUCER LICENSING (D) TASK FORCE (*Continued*)

2. The **Adjuster Licensing (D) Working Group** will:
  - A. Monitor state implementation of adjuster licensing and reciprocity; update the NAIC adjuster licensing standards, as necessary.
  
3. The **Producer Licensing Uniformity (D) Working Group** will:
  - A. Work closely with state producer licensing directors and exam vendors to ensure that 1) the states achieve full compliance with the standards in order to achieve greater uniformity and 2) the exams test the qualifications for an entry-level position as a producer.
  - B. Provide oversight and ongoing updates to the *State Licensing Handbook*, as needed.
  - C. Monitor and assess the state implementation of the Uniform Licensing Standards (ULS) and update the standards, as needed.
  - D. Review and update the NAIC's uniform producer licensing applications and uniform appointment form, as needed. Provide any recommended updates to the Producer Licensing (D) Task Force by the NAIC Summer National Meeting.
  
4. The **Uniform Education (D) Working Group** will:
  - A. Update the reciprocity guidelines, the uniform application forms for continuing education (CE) providers, and the process for state review and approval of instructors and courses, as needed. Provide any recommended updates to the Producer Licensing (D) Task Force by the Fall National Meeting.
  - B. Coordinate with NAIC parent committees, task forces, and/or working groups to review and provide recommendations on prelicensing education and CE requirements that are included in NAIC model acts, regulations, and/or standards, as necessary.

NAIC Support Staff: Tim Mullen/Greg Welker

Draft: 10/24/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Condition (E) Committee, Oct. 24, 2024

## 2025 Proposed Charges

### FINANCIAL CONDITION (E) COMMITTEE

The mission of the Financial Condition (E) Committee is to be the central forum and coordinator of solvency-related considerations of the NAIC relating to accounting practices and procedures; blanks; valuation of securities; financial analysis and solvency; multistate examinations and examiner and analysis training; and issues concerning insurer insolvencies and insolvency guarantees. In addition, the Committee interacts with the technical task forces.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Financial Condition (E) Committee** will:
  - A. Monitor all changes to the annual/quarterly financial statement blanks and instructions, risk-based capital (RBC) formulas, *Financial Condition Examiners Handbook*, *Accounting Practices and Procedures Manual* (AP&P Manual), *Financial Analysis Handbook*, *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual), NAIC model laws, NAIC accreditation standards, and other NAIC publications.
  - B. Appoint and oversee the activities of the following: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Financial Stability (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Risk Retention Group (E) Task Force; and Valuation of Securities (E) Task Force.
  - C. Oversee the implementation of the NAIC “Framework for Regulation of Insurer Investments – A Holistic Review,” ensuring that updates or reviews of the Risk-Based Capital (RBC) framework align with the Framework’s principles and take into consideration insurers evolving role of the insurance sector in financing the economy and reducing the protection gap.
  - D. Oversee a process to address financial issues that may compromise the consistency and uniformity of the U.S. solvency framework, referring valuation and other issues to the appropriate committees as needed.
  - E. Use the Risk-Focused Surveillance (E) Working Group to address specific industry concerns regarding regulatory redundancy, and review any issues that industry subsequently escalates to the Committee.
2. The **Financial Analysis (E) Working Group** will:
  - A. Analyze nationally significant insurers and groups that exhibit characteristics of trending toward or being financially troubled; determine if appropriate action is being taken.
  - B. Interact with domiciliary regulators and lead states to assist and advise as to what might be the most appropriate regulatory strategies, methods, and action(s).
  - C. Support, encourage, promote, and coordinate multistate efforts in addressing solvency problems, including identifying adverse industry trends.
  - D. Increase information-sharing and coordination between state insurance regulators and federal authorities, including through representation of state insurance regulators in national bodies with responsibilities for system-wide oversight.

## FINANCIAL CONDITION (E) COMMITTEE (*Continued*)

3. The **Group Capital Calculation (E) Working Group** will:
  - A. Continually review and monitor the effectiveness of the group capital calculation (GCC), and consider revisions, as necessary, to maintain the effectiveness of its objective under the U.S. solvency system.
  - B. Liaise, as necessary, with the International Insurance Relations (G) Committee on international group capital developments, and consider input from participation of U.S. state insurance regulators in the International Association of Insurance Supervisors (IAIS) monitoring process.
4. The **Group Solvency Issues (E) Working Group** will:
  - A. Continue to develop potential enhancements to the current regulatory solvency system as it relates to group solvency-related issues.
  - B. Critically review and provide input and drafting on IAIS material dealing with group supervision issues and identify best practices in group supervision emerging from the IAIS Supervisory Forum.
  - C. Continually review and monitor the effectiveness of the *Insurance Holding Company System Regulatory Act* (#440) and the *Insurance Holding Company System Model Regulation with Reporting Forms and Instructions* (#450), and consider revisions, as necessary, to maintain effective oversight of insurance groups.
5. The **Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup** of the Group Solvency Issues (E) Working Group will:
  - A. Continue to provide and enhance an enterprise risk management (ERM) education program for state insurance regulators in support of the ORSA implementation.
  - B. Continually review and monitor the effectiveness of the *Risk Management and Own Risk and Solvency Assessment Model Act* (#505) and its corresponding *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual); consider revisions as necessary.
6. The **Mutual Recognition of Jurisdictions (E) Working Group** will:
  - A. Oversee the process for evaluating jurisdictions, and maintain a listing of jurisdictions that meet the NAIC requirements for recognizing and accepting the NAIC GCC.
  - B. Maintain the *NAIC List of Qualified Jurisdictions* and the *NAIC List of Reciprocal Jurisdictions* in accordance with the *Process for Evaluating Qualified and Reciprocal Jurisdictions*.
7. The **NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group** will:
  - A. Continually review the *Annual Financial Reporting Model Regulation* (#205) and its corresponding implementation guide; revise as appropriate.
  - B. Address financial solvency issues by working with the AICPA and responding to AICPA exposure drafts.
  - C. Monitor the federal Sarbanes-Oxley (SOX) Act of 2002, as well as rules and regulations promulgated by the U.S. Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), and other financial services regulatory entities.
  - D. Review annually the premium threshold amount included in Section 16 of Model #205, with the general intent that those insurers subject to the Section 16 requirements would capture at least approximately 90% of industry premium and/or in response to any future regulatory or market developments.

## FINANCIAL CONDITION (E) COMMITTEE (*Continued*)

8. The **National Treatment and Coordination (E) Working Group** will:
  - A. Increase utilization and implementation of the *Company Licensing Best Practices Handbook*.
  - B. Encourage synergies between corporate changes/amendments and rate and form filing review and approval to improve efficiency.
  - C. Continue to monitor the usage and make necessary enhancements to the Form A Database.
  - D. Maintain educational courses in the existing NAIC Insurance Regulator Professional Designation Program for company licensing regulators.
  - E. Make necessary enhancements to promote electronic submission of all company licensing applications.
  
9. The **Restructuring Mechanisms (E) Working Group** will:
  - A. Evaluate and prepare a white paper that:
    - i. Addresses the perceived need for restructuring statutes and the issues those statutes are designed to remedy. Also, consider alternatives that insurers are currently employing to achieve similar results.
    - ii. Summarizes the existing state restructuring statutes.
    - iii. Addresses the legal issues posed by an order of a court (or approval by an insurance department) in one state affecting the policyholders of other states.
    - iv. Considers the impact that a restructuring might have on guaranty associations and policyholders that had guaranty fund protection prior to the restructuring.
    - v. Identifies and addresses the legal issues associated with restructuring using a protected cell.
  - B. Consider requesting approval from the Executive (EX) Committee on developing changes to specific NAIC models as a result of findings from the development of the white paper.
  - C. Develop best practices to be used in considering the approval of proposed restructuring transactions, including, among other things, the expected level of reserves and capital expected after the transfer, along with the adequacy of long-term liquidity needs. Also, develop best practices to be used in monitoring the companies after the transaction is completed. Once completed, recommend to the Financial Regulation Standards and Accreditation (F) Committee for its consideration.
  - D. Consider the need to make changes to the RBC formula to better assess the minimum surplus requirements for companies in runoff.
  - E. Review the various restructuring mechanisms, and develop, if deemed needed, accounting and reporting requirements for referring to the Statutory Accounting Principles (E) Working Group.
  
10. The **Risk-Focused Surveillance (E) Working Group** will:
  - A. Continually review the effectiveness of risk-focused surveillance, and develop enhancements to processes as necessary.
  - B. Continually review regulatory redundancy issues identified by interested parties, and provide recommendations to other NAIC committee groups to address as needed.
  - C. Oversee and monitor the Peer Review Program to encourage consistent and effective risk-focused surveillance processes.
  - D. Continually maintain and update standardized job descriptions/requirements and salary range recommendations for common solvency monitoring positions to assist insurance departments in attracting and maintaining suitable staff.

## FINANCIAL CONDITION (E) COMMITTEE (Continued)

### 11. The **Valuation Analysis (E) Working Group** will:

- A. Work with NAIC resources to assist in prioritizing and responding to issues and questions regarding principle-based reserves (PBR) and asset adequacy analysis, including actuarial guidelines or other requirements.
- B. Develop and implement a plan to coordinate PBR reviews/examinations.
- C. Review, on a targeted basis, asset adequacy analysis filings for *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves (AG 53)*, and coordinate with states as appropriate.
- D. Review, on a targeted basis, long-term care (LTC) reserve adequacy filings for *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51)*, and coordinate with states as appropriate.
- E. Provide a confidential forum to address questions/issues regarding PBR and asset adequacy analysis, as well as related reinsurance risk transfer issues, and make referrals, as appropriate, to other NAIC regulator groups.
- F. Refer questions/issues, as appropriate, to the Life Actuarial (A) Task Force that may require consideration of changes/interpretations to be provided in the *Valuation Manual* or related actuarial guidelines.
- G. Assist NAIC resources in the use of models and other analytical tools to support the review of PBR/asset adequacy analysis.
- H. Make referrals, as appropriate, to the Financial Analysis (E) Working Group.
- I. Perform other work to carry out the Valuation Analysis (E) Working Group procedures.

NAIC Support Staff: Dan Daveline/Julie Gann/Bruce Jenson

Draft: 8/14/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Condition (E) Committee, Oct. 24, 2024

Adopted by the Accounting Practices and Procedures (E) Task Force, Aug. 14, 2024

## 2025 Proposed Charges

### ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

The mission of the Accounting Practices and Procedures (E) Task Force is to identify, investigate, and develop solutions to accounting problems with the ultimate goal of guiding insurers in properly accounting for various aspects of their operations; modify the *Accounting Practices and Procedures Manual* (AP&P Manual) to reflect changes necessitated by Task Force action; and study innovative insurer accounting practices that affect the ability of state insurance regulators to determine the true financial condition of insurers.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Accounting Practices and Procedures (E) Task Force** will:
  - A. Oversee the activities of the Blanks (E) Working Group and the Statutory Accounting Principles (E) Working Group.
2. The **Blanks (E) Working Group** will:
  - A. Consider improvements and revisions to the various annual/quarterly statement blanks to:
    - i. Conform these blanks to changes made in other areas of the NAIC to promote uniformity in the reporting of financial information by insurers.
    - ii. Develop reporting formats for other entities subject to the jurisdiction of state insurance departments.
    - iii. Conform the various NAIC blanks and instructions to adopted NAIC policies.
    - iv. Oversee the development of additional reporting formats within the existing annual financial statements as needs are identified.
  - B. Continue to monitor state filing checklists to maintain current filing requirements.
  - C. Continue to monitor and improve the quality of financial data filed by insurance companies by recommending improved or additional language for the *Annual Statement Instructions*.
  - D. Continue to monitor and review all proposals necessary for the implementation of statutory accounting guidance to ensure proper implementation of any action taken by the Accounting Practices and Procedures (E) Task Force affecting annual financial statements and/or instructions.
  - E. Continue to coordinate with other task forces of the NAIC to ensure proper implementation of reporting and instructions changes as proposed by these task forces.
  - F. Coordinate with the applicable task forces and working groups as needed to avoid duplication of reporting within the annual and quarterly statement blanks.
  - G. Consider proposals presented that would address duplication in reporting; eliminate data elements, financial schedules, and disclosures that are no longer needed; and coordinate with other NAIC task forces and working groups if applicable to ensure revised reporting still meets the needs of regulators.
  - H. Review requests for investment schedule blanks and instructions changes in connection with the work being performed by the Capital Adequacy (E) Task Force and its working groups.
  - I. Review changes requested by the Valuation of Securities (E) Task Force relating to its work on other invested assets reporting for technical consistency within the investment reporting schedules and instructions.

### ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE *(Continued)*

3. The **Statutory Accounting Principles (E) Working Group** will:
  - A. Maintain codified statutory accounting principles by providing periodic updates to the guidance that address new statutory issues and new U.S. generally accepted accounting principles (GAAP) pronouncements. Provide authoritative responses to questions of application and clarifications for existing statutory accounting principles. Report all actions and provide updates to the Accounting Practices and Procedures (E) Task Force.
  - B. At the discretion of the Working Group chair, develop comments on exposed U.S. GAAP and International Financial Reporting Standards (IFRS) pronouncements affecting financial accounting and reporting. Any comments are subject to review and approval by the chairs of the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee.
  - C. Coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* VM-A, Requirements, and VM-C, Actuarial Guidelines, as well as other *Valuation Manual* requirements. This process will include the receipt of periodic reports on changes to the *Valuation Manual* on items that require coordination.
  - D. Obtain, analyze, and review information on permitted practices, prescribed practices, or other accounting treatments suggesting that issues or trends occurring within the industry may compromise the consistency and uniformity of statutory accounting, including, but not limited to, activities conducted by insurers for which there is currently no statutory accounting guidance or where the states have prescribed statutory accounting that differs from the guidance issued by the NAIC. Use this information to consider possible changes to statutory accounting.

NAIC Support Staff: Robin Marcotte

Draft: 9/26/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Financial Condition (E) Committee, Oct. 24, 2024*

*Adopted by the Capital Adequacy (E) Task Force, Sept. 26, 2024*

## **2025 Proposed Charges**

### **CAPITAL ADEQUACY (E) TASK FORCE**

The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Capital Adequacy (E) Task Force** will:
  - A. Evaluate emerging “risk” issues for referral to the risk-based capital (RBC) working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.
  - B. Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).
  - C. Evaluate relevant historical data, and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.
  
2. The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group** will:
  - A. Evaluate refinements to the existing NAIC RBC formulas implemented in the prior year. Forward the final version of the structure of the current year life and fraternal, property/casualty (P/C), and health RBC formulas to the Financial Condition (E) Committee by June.
  - B. Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified. Any proposal that affects the RBC structure must be adopted no later than May 15 of the reporting year, and any proposal that affects the RBC factors and/or instructions must be adopted no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered and adopted by July 30, where the Capital Adequacy (E) Task Force votes to pursue by two-thirds consent of members.
  - C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual* (AP&P Manual) to ensure that model laws, publications, formulas, analysis tools, etc., supported by the Task Force continue to meet regulatory objectives.
  - D. Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability between the RBC formulas. Report on data quality problems in the prior year RBC filings at the Summer National Meeting and Fall National Meeting.

### CAPITAL ADEQUACY (E) TASK FORCE *(Continued)*

3. The **Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
  - A. Provide recommendations for the appropriate treatment of longevity risk transfers by new longevity factors.
4. The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
  - A. Monitor the impact of the changes to the variable annuities reserve framework and RBC calculation, and determine if additional revisions need to be made.
  - B. Develop and recommend appropriate changes, including those to improve the accuracy and clarity of variable annuity (VA) capital and reserve requirements.
5. The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
  - A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
  - B. Continue to update the U.S. and non-U.S. catastrophe event list.
  - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
  - D. Evaluate the RBC results inclusive of a catastrophe risk charge.
  - E. Refine instructions for the catastrophe risk charge.
  - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
  - G. Evaluate other catastrophe risks for possible inclusion in the charge.
6. The **Risk-Based Capital Investment Risk and Evaluation (E) Working Group** will:
  - A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:
    - i. Identifying and acknowledging uses that extend beyond the purpose of the *Risk-Based Capital (RBC) for Insurers Model Act (#312)*.
    - ii. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.
    - iii. Documenting the modifications made over time to the formulas, including, but not limited to, an analysis of the costs in study and development, implementation (internal and external), assimilation, verification, analysis, and review of the desired change to the RBC formulas and facilitating the appropriate allocation of resources.
7. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
  - A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
  - B. Review material economic scenario generator updates, either driven by periodic model maintenance or changes to the economic environment and provide recommendations.
  - C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant economic scenario generator updates and maintain a public timeline for economic scenario generator updates.
  - D. Support the implementation of an economic scenario generator for use in statutory reserve and capital calculations.
  - E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.

NAIC Support Staff: Eva Yeung

Draft: 9/25/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Condition (E) Committee, Oct. 24, 2024

Adopted by the Examination Oversight (E) Task Force, Sept. 25, 2024

## 2025 Proposed Charges

### EXAMINATION OVERSIGHT (E) TASK FORCE

The mission of the Examination Oversight (E) Task Force is to monitor, develop, and implement tools for the risk-focused surveillance process. For financial examinations and analysis, this includes maintenance of the *Financial Condition Examiners Handbook* and the *Financial Analysis Handbook* to provide guidance to examiners and analysts using a risk-focused approach to solvency regulation and to encourage effective communication and coordination between examiners, analysts, and other regulators. In addition, the mission of the Task Force is to monitor and refine regulatory tools of the risk-focused surveillance process, including Financial Analysis Solvency Tools (FAST), such as company profiles and the FAST ratio scoring system; oversee financial examiner and analyst use of electronic software tools; monitor the progress of coordination efforts among the states in conducting examinations and the sharing of information necessary to solvency monitoring; establish procedures for the flow of information between the states about troubled companies; maintain an effective approach to the review of information technology (IT) general controls; and monitor the timeliness of financial examinations.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Examination Oversight (E) Task Force** will:
  - A. Accomplish its mission using the following groups:
    - i. Electronic Workpaper (E) Working Group.
    - ii. Financial Analysis Solvency Tools (E) Working Group.
    - iii. Financial Examiners Coordination (E) Working Group.
    - iv. Financial Examiners Handbook (E) Technical Group.
    - v. Information Technology (IT) Examination (E) Working Group.
2. The **Electronic Workpaper (E) Working Group** will:
  - A. Monitor and support the state insurance departments in using electronic workpaper software tools to conduct and document solvency monitoring activities.
  - B. Provide ongoing oversight in the transition of electronic workpaper work to the TeamMate+ application.
  - C. Monitor state insurance regulator use of TeamMate+ to proactively identify best practices and improvements to the application, as necessary.
3. The **Financial Analysis Solvency Tools (E) Working Group** will:
  - A. Provide ongoing maintenance and enhancements to the *Financial Analysis Handbook* and related applications for changes to the NAIC annual/quarterly financial statement blanks based on input from other regulators and the work or referrals from other NAIC committees, task forces, and working groups to develop, as well as enhancements developed to assist in the risk-focused analysis and monitoring of the financial condition of insurance companies and groups.
  - B. Provide ongoing development maintenance and enhancements to the automated financial solvency tools that were developed to assist in conducting risk-focused analysis and the monitoring of the financial condition of insurance companies and groups. Prioritize and perform analysis to ensure that the tools remain reliable and accurate.
  - C. Coordinate with the Financial Examiners Handbook (E) Technical Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance in order to provide effective solvency monitoring.

## EXAMINATION OVERSIGHT (E) TASK FORCE (*Continued*)

4. The **Financial Examiners Coordination (E) Working Group** will:
  - A. Develop enhancements that encourage the coordination of examination activities for holding company groups.
  - B. Promote coordination by assisting and advising domiciliary regulators and exam-coordinating states on the most appropriate regulatory strategies, methods, and actions regarding financial examinations of holding company groups.
  - C. Facilitate communication among regulators regarding common practices and issues arising from coordinating examination efforts.
  - D. Provide ongoing maintenance and enhancements to the Financial Exam Electronic Tracking System (FEETS).
  
5. The **Financial Examiners Handbook (E) Technical Group** will:
  - A. Continually review the *Financial Condition Examiners Handbook*, and revise when appropriate.
  - B. Coordinate with the Risk-Focused Surveillance (E) Working Group to monitor the implementation of the risk-assessment process by developing additional guidance and exhibits within the *Financial Condition Examiners Handbook*, including consideration of potential redundancies affected by the examination process, corporate governance, and other guidance as needed to assist examiners in completing financial condition examinations.
  - C. Coordinate with the Financial Analysis Solvency Tools (E) Working Group and the Risk-Focused Surveillance (E) Working Group, as appropriate, to develop and maintain guidance to provide effective solvency monitoring.
  - D. Coordinate with the Information Technology (IT) Examination (E) Working Group and the Financial Examiners Coordination (E) Working Group to maintain specialized areas of guidance within the *Financial Condition Examiners Handbook* related to the charges of these specific working groups.
  
6. The **Information Technology (IT) Examination (E) Working Group** will:
  - A. Continually review, develop, and revise the guidance in the *Financial Condition Examiners Handbook* and other related tools, as needed, to address IT risks.
  - B. Coordinate with the Cybersecurity (H) Working Group to monitor cybersecurity trends, including emerging and/or ongoing vulnerabilities, and develop guidance within the *Financial Condition Examiners Handbook* or other tools, if necessary, to support IT examiners.

NAIC Support Staff: Bailey Henning

Draft: 11/19/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Financial Condition (E) Committee, Oct. 24, 2024*

*Adopted by the Financial Stability (E) Task Force, Oct. 17, 2024*

## **2025 Proposed Charges**

### **FINANCIAL STABILITY (E) TASK FORCE**

The mission of the Financial Stability (E) Task Force is to consider domestic or global financial stability issues and their impact on the role of state insurance regulators.

#### **Ongoing Support of NAIC Program, Products, or Services**

1. The **Financial Stability (E) Task Force** will:
  - A. Manage the macroprudential supervisory component of the NAIC financial solvency framework.
    - i. Monitor the U.S. insurance industry's macroprudential risk levels.
    - ii. Maintain macroprudential regulatory tools.
    - iii. Identify data gaps and enhanced disclosure needs for the statutory financial statement and/or other reporting mechanisms.
    - iv. Propose enhancements and/or additional supervisory measures to the Financial Condition (E) Committee or other relevant committees, and consult with such committees on implementation.
  - B. Monitor U.S. macroprudential policy issues, and respond as appropriate.
    - i. Support and work with the state insurance regulator representative to the Financial Stability Oversight Council (FSOC) to address confidential FSOC or other federal agency macroprudential work.
    - ii. Participate in public FSOC or other federal agency macroprudential work.
  - C. Monitor international macroprudential policy issues, and participate/respond as appropriate.
    - i. Coordinate with the International Insurance Relations (G) Committee to address International Association of Insurance Supervisors (IAIS) or other international macroprudential work.
2. The **Macroprudential (E) Working Group** will:
  - A. Oversee the implementation and maintenance of the Liquidity Stress Testing Framework (LST Framework).
  - B. Monitor domestic and global activities, including those enumerated in the "Plan for the List of Macroprudential Working Group (MWG) Considerations" document.
  - C. Execute the original Macroprudential Initiative (MPI) projects related to counterparty disclosures and capital stress testing.
  - D. Continue to develop and administer data collection tools as needed, leveraging existing data where feasible, to provide the Financial Stability (E) Task Force with meaningful macroprudential information regarding how the insurance sector is navigating the prevailing market conditions.
  - E. Oversee the development, implementation, and maintenance process for a new macroprudential risk assessment system (i.e., policies, procedures, and tools) to enhance regulators' ability to monitor industry trends from a macroprudential perspective.
  - F. Oversee the documentation of the NAIC's macroprudential policies, procedures, and tools.
  - G. Provide the Task Force with updates to IAIS and other international initiatives as needed.

NAIC Support Staff: Tim Nauheimer/Todd Sells

Draft: 8/14/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Condition (E) Committee, Oct. 24, 2024

Adopted by the Receivership and Insolvency (E) Task Force, Aug. 14, 2024

## 2025 Proposed Charges

### RECEIVERSHIP AND INSOLVENCY (E) TASK FORCE

The mission of the Receivership and Insolvency (E) Task Force is to be administrative and substantive on issues concerning insurer insolvencies and insolvency guarantees. Such duties include, without limitation: 1) monitoring the effectiveness and performance of the state administration of receiverships and the state guaranty fund system; 2) coordinating cooperation and communication among state insurance regulators, receivers, and guaranty funds; 3) monitoring ongoing receiverships and reporting on such receiverships to NAIC members; 4) developing and providing educational and training programs in the area of insurer insolvencies and insolvency guarantees to state insurance regulators, professionals, and consumers; 5) developing and monitoring relevant model laws, guidelines, and products; and 6) providing resources for state insurance regulators and professionals to promote efficient operations of receiverships and guaranty funds.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Receivership and Insolvency (E) Task Force** will:
  - A. Monitor and promote efficient operations of insurance receiverships and guaranty associations.
  - B. Monitor and promote state adoption of insurance receivership and guaranty association model acts and regulations, and monitor other legislation related to insurance receiverships and guaranty associations.
  - C. Provide input and comments to the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), and other related groups on issues regarding international resolution authority.
  - D. Monitor, review, and provide input on federal rulemaking and studies related to insurance receiverships.
  - E. Provide an ongoing review of the *Receiver's Handbook for Insurance Company Insolvencies* (Receiver's Handbook), other related NAIC publications, and the Global Receivership Information Database (GRID), and make any necessary updates.
  - F. Monitor the work of other NAIC committees, task forces, and working groups to identify and address any issues that affect receivership law and/or regulatory guidance.
  - G. Perform additional work as directed by the Financial Condition (E) Committee and/or received through referrals by other groups.
2. The **Receivership Financial Analysis (E) Working Group** will:
  - A. Monitor receiverships involving nationally significant insurers/groups to support, encourage, promote, and coordinate multistate efforts in addressing problems.
  - B. Interact with the Financial Analysis (E) Working Group, domiciliary regulators, and lead states to assist and advise on the most appropriate regulatory strategies, methods, and/or action(s) regarding potential or pending receiverships.
3. The **Receivership Law (E) Working Group** will:
  - A. Review and provide recommendations on any issues identified that may affect states' receivership and guaranty association laws (e.g., any issues that arise as a result of market conditions, insurer insolvencies, federal rulemaking and studies, international resolution initiatives, or the work performed by or referred from other NAIC committees, task forces, and/or working groups).
  - B. Discuss significant cases that may affect the administration of receiverships.

NAIC Support Staff: Jane Koenigsman

Draft: 7/22/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Financial Condition (E) Committee, Oct. 24, 2024*

*Adopted by the Reinsurance (E) Task Force, July 22, 2024*

## 2025 Proposed Charges

### REINSURANCE (E) TASK FORCE

The mission of the Reinsurance (E) Task Force is to monitor and coordinate activities and areas of interest that overlap to some extent the charges of other NAIC groups—specifically the International Insurance Relations (G) Committee.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Reinsurance (E) Task Force** will:
  - A. Provide a forum for the consideration of reinsurance-related issues of public policy.
  - B. Oversee the activities of the Reinsurance Financial Analysis (E) Working Group.
  - C. Coordinate with the Mutual Recognition of Jurisdictions (E) Working Group on matters regarding reinsurance.
  - D. Communicate and coordinate with the Federal Insurance Office (FIO), other federal authorities, and international regulators and authorities on matters pertaining to reinsurance.
  - E. Monitor reinsurance-related activities of other task forces and working groups at the NAIC.
  - F. Consider any other issues related to the *Credit for Reinsurance Model Law* (#785), *Credit for Reinsurance Model Regulation* (#786), and *Term and Universal Life Insurance Reserve Financing Model Regulation* (#787).
  - G. Monitor the development of international principles, standards, and guidance with respect to reinsurance. This includes, but is not limited to, monitoring the activities of various groups within the International Association of Insurance Supervisors (IAIS), including the Reinsurance and Other Forms of Risk Transfer Subcommittee, the Reinsurance Mutual Recognition Subgroup, and the Reinsurance Transparency Group.
  - H. Consider the impact of reinsurance-related federal legislation, including, but not limited to, the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) and the Federal Insurance Office Act, and coordinate any appropriate NAIC action.
  - I. Continue to monitor the impact of reinsurance-related international agreements, including the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement).

## REINSURANCE (E) TASK FORCE *(Continued)*

2. The **Reinsurance Financial Analysis (E) Working Group** will:
  - A. Operate in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, and operate in open session when discussing certified reinsurance topics and policy issues, such as amendments to the Uniform Application for Certified or Reciprocal Jurisdiction Reinsurers.
  - B. Provide advisory support and assistance to states in the review of reinsurance collateral reduction applications. The process of reviewing applications for reinsurance collateral reduction and qualified jurisdictions should strengthen state regulation and prevent regulatory arbitrage.
  - C. Provide a forum for discussion among NAIC jurisdictions of reinsurance issues related to specific companies, entities, or individuals.
  - D. Support, encourage, promote, and coordinate multistate efforts in addressing issues related to certified reinsurers, including, but not limited to, multistate recognition of certified or reciprocal jurisdiction reinsurers.
  - E. Provide analytical expertise and support to the states with respect to certified reinsurers, reciprocal jurisdiction reinsurers, and applicants.
  - F. Provide advisory support on issues related to the determination of qualified jurisdictions.
  - G. Ensure the public passporting website remains current.

NAIC Support Staff: Jake Stultz/Dan Schelp

Draft: 7/24/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Financial Condition (E) Committee, Oct. 24, 2024*

*Adopted by the Risk Retention Group (E) Task Force, July 24, 2024*

## **2025 Proposed Charges**

### **RISK RETENTION GROUP (E) TASK FORCE**

The mission of the Risk Retention Group (E) Task Force is to stay apprised of the work of other NAIC groups as it relates to financial solvency regulation and the NAIC Financial Regulation Standards and Accreditation Program. The Task Force may make referrals to the Financial Regulation Standards and Accreditation (F) Committee and/or other NAIC groups, as deemed appropriate.

#### **Ongoing Support of NAIC Programs, Products, or Services**

1. The **Risk Retention Group (E) Task Force** will:
  - A. Monitor and evaluate the work of other NAIC committees, task forces, and working groups that may affect the filing requirements or compliance of risk retention groups (RRGs) (e.g. actions that affect compliance with the NAIC Accreditation Standards Program.
  - B. Monitor and review any federal activities, including any U.S. Government Accountability Office (GAO) reports, and consider any necessary action.
  - C. Monitor the resources available to domiciliary and non-domiciliary state insurance regulators of RRGs, including educational programs or enhancements or the development of new resources.

NAIC Support Staff: Rodney Good/Andy Daleo

Draft: 8/13/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Condition (E) Committee, Oct. 24, 2024

Adopted by the Valuation of Securities (E) Task Force, Aug. 13, 2024

## 2025 Proposed Charges

### VALUATION OF SECURITIES (E) TASK FORCE

The mission of the Valuation of Securities (E) Task Force is to provide regulatory leadership and expertise to establish and maintain all aspects of the NAIC's credit assessment process for insurer-owned securities, as well as produce insightful and actionable research and analysis regarding insurer investments.

#### Ongoing Support of NAIC Programs, Products or Services

1. The **Valuation of Securities (E) Task Force** will:

- A. Review and monitor the operations of the NAIC Securities Valuation Office (SVO) and the NAIC Structured Securities Group (SSG) to ensure they continue to reflect regulatory objectives.
- B. Maintain and revise the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) to provide solutions for investment-related regulatory issues for existing or anticipated investments.
- C. Monitor changes in accounting and reporting requirements resulting from the continuing maintenance of the *Accounting Practices and Procedures Manual*, as well as financial statement blanks and instructions, to ensure that the P&P Manual reflects regulatory needs and objectives.
- D. Consider whether improvements should be suggested to the measurement, reporting, and evaluation of invested assets by the NAIC as the result of: 1) newly identified types of invested assets; 2) newly identified investment risks within existing invested asset types; or 3) elevated concerns regarding previously identified investment risks.
- E. Identify potential improvements to the credit filing process, including formats and electronic system enhancements.
- F. Provide effective direction to the NAIC's mortgage-backed securities modeling firms and consultants.
- G. Coordinate with other NAIC working groups and task forces—including, but not limited to, the Capital Adequacy (E) Task Force, the Statutory Accounting Principles (E) Working Group, the Blanks (E) Working Group, the Risk-Based Capital Investment Risk and Evaluation (E) Working Group, and the Valuation Analysis (E) Working Group—to formulate recommendations and make referrals to other NAIC regulator groups, ensuring expertise relative to investments, or the purpose and objective of guidance in the P&P Manual, is reflective in the guidance of other groups and that the expertise of other NAIC regulatory groups and the objectives of their guidance is reflected in the P&P Manual.
- H. Identify potential improvements to the filing exempt process (the use of credit rating provider ratings to determine an NAIC designation) to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
- I. Implement policies to oversee the NAIC's staff administration of rating agency ratings used in NAIC processes, including staff's discretion over the applicability of their use in its administration of filing exemption.
- J. Establish criteria to permit staff's discretion over the assignment of NAIC designations for securities subject to the filing exempt process (the use of credit rating provider ratings to determine an NAIC designation) to ensure greater consistency, uniformity, and appropriateness to achieve the NAIC's financial solvency objectives.
- K. Implement additional and alternative ways to measure and report investment risk.

NAIC Support Staff: Charles Therriault/Marc Perlman/Eric Kolchinsky

Draft: 11/16/24

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Financial Regulation Standards and Accreditation (F) Committee, Nov. 16, 2024

## 2025 Proposed Charges

### FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE

The mission of the Financial Regulation Standards and Accreditation (F) Committee is both administrative and substantive, as it relates to the administration and enforcement of the NAIC Financial Regulation Standards and Accreditation Program. This includes, without limitation: 1) the consideration of standards and revisions of standards for accreditation; 2) the interpretation of standards; 3) the evaluation and interpretation of the states' laws and regulations, as well as departments' practices, procedures, and organizations as they relate to compliance with standards; 4) the examination of members for compliance with standards; 5) the development and oversight of procedures for the examination of members for compliance with standards; 6) the selection of qualified individuals to examine members for compliance with standards; and 7) the determination of whether to accredit members.

#### Ongoing Support of NAIC Programs, Products or Services

1. The **Financial Regulation Standards and Accreditation (F) Committee** will:
  - A. Maintain and strengthen the NAIC Financial Regulation Standards and Accreditation Program.
  - B. Assist the states, as requested and as appropriate, in implementing laws, practices, and procedures and obtaining personnel required for compliance with the standards.
  - C. Conduct a yearly review of accredited jurisdictions.
  - D. Consider new model laws; new practices and procedures; and amendments to existing model laws, practices, and procedures required for accreditation. Determine the timing and appropriateness of the addition of new model laws, practices, procedures, and amendments.
  - E. Render advisory opinions and interpretations of model laws required for accreditation and on substantial similarity of state laws.
  - F. Review existing standards for effectiveness and relevancy, and make recommendations for change, if appropriate.
  - G. Produce, maintain, and update the NAIC *Accreditation Program Manual* to provide guidance to state insurance regulators regarding the official standards, policies, and procedures of the program.
  - H. Maintain and update the "Financial Regulation Standards and Accreditation Program" pamphlet.
  - I. Perform enhanced pre-accreditation review services, including, but not limited to, additional staff support, increased participation, enhanced report recommendations, and informal feedback.
  - J. Appoint and oversee the activities of the Accreditation Scope and Alignment (F) Working Group.
2. The **Accreditation Scope and Alignment (F) Working Group** will:
  - A. Review the current scope of the NAIC Financial Regulation Standards and Accreditation Program to:
    - 1) evaluate whether it aligns with the program's objectives; and 2) determine whether any multistate companies/activities are not currently covered in the program's scope.
  - B. Analyze state regulations to understand how states regulate companies within the scope of the accreditation program and identify any discrepancies or unique regulatory practices across states. Maintain a resource that summarizes the results of this analysis.

NAIC Support Staff: Bailey Henning/Sara Franson/Dan Schelp

Draft: 10/23/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the International Insurance Relations (G) Committee, Nov. 17, 2024*

## **2025 Proposed Charges**

### **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE**

The mission of the International Insurance Relations (G) Committee is to: 1) coordinate NAIC participation in discussions on international activities and issues and the development of insurance regulatory and supervisory standards and other materials; 2) promote international cooperation; 3) coordinate on international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury (Treasury Department), the Federal Reserve Board (FRB), the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce (DOC), and other federal agencies; and 4) provide an open forum for NAIC communication with U.S. interested parties, stakeholders, and among its members on international insurance matters.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **International Insurance Relations (G) Committee** will:

- A. Monitor and assess activities at international organizations, such as the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD), and the Sustainable Insurance Forum (SIF), that affect U.S. insurance regulation, U.S. insurance consumers, and the U.S. insurance industry.
- B. Support and facilitate the participation of state insurance regulators and the NAIC in relevant workstreams of international organizations.
- C. Develop NAIC policy on international activities and issues, coordinating, as necessary, with other NAIC committees, task forces, and working groups and communicating key international developments to those NAIC groups.
- D. Coordinate and facilitate state efforts to participate in key bilateral and multilateral dialogues, projects, conferences, and training opportunities with international regulators and international organizations, both directly and in coordination with the federal government, as appropriate.
- E. Strengthen foreign regulatory systems and relationships by interacting with international regulators and sharing U.S. supervisory best practices, including conducting outreach, an International Fellows Program and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation.
- F. Coordinate the NAIC's participation in the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP).
- G. Coordinate state efforts to assist in achieving U.S. international trade objectives through reviewing relevant materials, developing input, and providing assistance and expertise on insurance matters to the USTR and/or other federal entities.

NAIC Support Staff: Ryan Workman/Nikhail Nigam

Draft: 11/19/24

Adopted by Executive (EX) Committee and Plenary, Dec. --, 2024

Adopted by the Innovation, Cybersecurity, and Technology (H) Committee, Nov. 19, 2024

## 2025 Proposed Charges

### INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

The mission of the Innovation, Cybersecurity, and Technology (H) Committee is to: 1) provide a forum for state insurance regulators to learn about and have discussions regarding: cybersecurity, innovation, data security and privacy protections, and emerging technology issues; 2) monitor developments in these areas that affect the state insurance regulatory framework; 3) maintain an understanding of evolving practices and use of innovation technologies by insurers and producers in respective lines of business; 4) coordinate NAIC efforts regarding innovation, cybersecurity and privacy, and technology across other committees; and 5) make recommendations and develop regulatory, statutory, or guidance updates, as appropriate.

#### Ongoing Support of NAIC Programs, Products, or Services

1. The **Innovation, Cybersecurity, and Technology (H) Committee** will:
  - A. Provide forums, resources and materials related to developments and emerging issues in innovation, cybersecurity, data privacy, and the uses of technology in the insurance industry in order to educate state insurance regulators on these developments and how they affect consumer protection, insurer and producer oversight, marketplace dynamics, and the state-based insurance regulatory framework.
  - B. Consider and coordinate the development of regulatory guidance and examination standards related to innovation, cybersecurity, data privacy, the use of big data and artificial intelligence (AI) including machine learning (ML) in the business of insurance, and technology, including drafting and revising model laws, white papers, and other recommendations as appropriate.
  - C. Oversee the work of the Data Call Study Group to study the enhancement of regulator access to high-quality and timely data allowing for evidence-informed decisions, enhanced supervisory capabilities, and improved efficiency.
  - D. Track the implementation of and issues related to all model laws pertaining to innovation, technology, data privacy, and cybersecurity, including the *Insurance Data Security Model Law* (#668), the *NAIC Insurance Information and Privacy Protection Model Act* (#670), the *Privacy of Consumer Financial and Health Information Regulation* (#672), and the *Unfair Trade Practices Act* (#880) rebating language and providing assistance to state insurance regulators as needed.
  - E. Coordinate and facilitate collaboration with and among other NAIC committees and task forces to promote consistency and efficiency in the development of regulatory policy, education, training, and enforcement materials and tools related to innovation; cybersecurity; data privacy; and the use of technologies, big data, and artificial intelligence (AI), including machine learning (ML), in the business of insurance. Evaluate and recommend certifications, continuing education (CE), and training for regulatory staff related to technology, innovation, cybersecurity, and data privacy.
  - F. Follow the work of federal, state, and international governmental bodies to avoid conflicting standards and practices.

## INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE (*Continued*)

2. The **Big Data and Artificial Intelligence (H) Working Group** will:
  - A. Research the use of big data and AI (including ML) in the business of insurance. Proactively communicate findings, and present recommendations to the Innovation, Cybersecurity, and Technology (H) Committee.
  - B. Monitor state, federal, and international activities on AI, including working with the Innovation, Cybersecurity, and Technology (H) Committee to: 1) respond to such activities, where appropriate, and 2) address potential impacts on existing state insurance laws or regulations.
  - C. Facilitate discussion to consider updates to the regulatory framework for the oversight of the use of AI by insured entities. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee in response to such activities.
    - i. Monitor and support adoption of the *Model Bulletin on the Use of Artificial Intelligence Systems by Insurers*.
    - ii. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of the use of AI in insurance and non-insurance industries.
    - iii. Research, identify, and monitor the impacts of the use of AI systems by insurance companies to understand the potential benefits, value propositions, risks, and adverse consumer outcomes related to the use of AI systems.
  - D. Facilitate discussion related to AI systems evaluation including:
    - i. Identifying existing tools, resources, materials, and training that will assist and guide regulators in their review of AI systems used by licensees, including an insurer's AI program. This includes establishing a coordinated work plan and timeline for further development of those resources.
    - ii. Develop new regulatory tools or regulatory guidance to assist regulators in their review of AI systems used by licensees, including an insurer's AI program.
    - iii. Coordinate the development of review and enforcement tools, resources, guidelines, and training related to AI systems for regulators across the NAIC.
  - E. Facilitate and coordinate foundational and contextual educational content for regulators on topics related to the use of big data and AI techniques, tools and systems in the insurance industry.
3. The **Cybersecurity (H) Working Group** will:

Cybersecurity Charges

  - A. Monitor cybersecurity trends such as vulnerabilities, risk management, governance practices, and breaches with the potential to affect the insurance industry.
  - B. Facilitate communication across state insurance departments regarding cybersecurity risks and events.
  - C. Develop and maintain regulatory cybersecurity response guidance to assist state insurance regulators in the investigation of national insurance cyber events.
  - D. Monitor federal and international activities on cybersecurity engaging in efforts to manage and evaluate cybersecurity risk.
  - E. Coordinate NAIC committee cybersecurity work, including cybersecurity guidance developed by the Market Conduct Examination Guidelines (D) Working Group and the Information Technology (IT) Examination (E) Working Group.
  - F. Advise NAIC staff on the development of cybersecurity training for state insurance regulators.
  - G. Work with the Center for Insurance Policy and Research (CIPR) to receive updates on cybersecurity research efforts, by the CIPR and others, and to analyze publicly available cybersecurity-related information.
  - H. Support the states with implementation efforts related to the adoption of the *Insurance Data Security Model Law* (#668).
  - I. Coordinate with NAIC staff to facilitate intelligence-driven cybersecurity tabletop exercises with state departments of insurance (DOIs) providing input on scope and timing as necessary.

## INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE (*Continued*)

### Cyber Insurance Charges

- A. Monitor industry trends pertaining to cyber insurance, including meeting with subject matter experts (SMEs) and evaluating data needs of state insurance regulators. Considerations should include the availability and affordability/pricing of cyber insurance, disclosures, limits and sub-limits in policies, policy language and trends in requirements, underwriting practices, and the role of reinsurance in the cyber insurance market.
  - B. Coordinate with NAIC work groups addressing cyber insurance related issues, such as the Casualty Actuarial and Statistical (C) Task Force.
  - C. Monitor federal and international activities related to cyber insurance and financing mechanisms for cyber risk.
  - D. Coordinate with NAIC staff to conduct analysis pursuant to the NAIC's Cyber Insurance Report. Review the NAIC's *Property & Casualty Annual Statement Cybersecurity and Identity Theft Supplement* recommending changes and/or developing reports to supplement data development as necessary. Consider and develop a guide for states on cyber insurance data analysis best practices.
4. The **Privacy Protections (H) Working Group** will:
- A. Use state insurance privacy protections regarding the collection, data ownership and use rights, and disclosure of information gathered in connection with insurance transactions to draft a new/revised Privacy Protections Model Act to replace/update NAIC models such as Model #670 and/or Model #672.
  - B. Monitor state, federal, and international activities on privacy, engaging in efforts to manage and evaluate privacy.
5. The **SupTech/GovTech Subgroup** will:
- A. Facilitate technology, innovation, and SupTech/GovTech presentations from leading technology companies for state insurance regulators to provide them with insights into cutting-edge technology and innovation.
  - B. Facilitate technology, innovation, and SupTech/GovTech presentations from specialized vendors for state insurance regulators to assist in identifying vendor solutions that may benefit regulators.

NAIC Support Staff: Miguel Romero/Scott Sobel/Scott Morris

Draft: 10/10/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Adopted by the Innovation, Cybersecurity, and Technology (H) Committee, Nov. 19, 2024*

*Adopted by the Third-Party Data and Models (H) Task Force, Oct. 10, 2024*

## **2025 Proposed Charges**

### **THIRD-PARTY DATA AND MODELS (H) TASK FORCE**

The mission of the Third-Party Data and Models (H) Task Force is to develop and propose an optimal regulatory framework for the regulatory oversight of third-party data and predictive models.

#### **Ongoing Support of NAIC Programs, Products, or Services:**

1. The **Third-Party Data and Models (H) Task Force** will:
  - A. Develop and propose a framework for the regulatory oversight of third-party data and predictive models.
  - B. Monitor and report on state, federal, and international activities related to governmental oversight and regulation of third-party data and model vendors and their products and services. Provide recommendations to the Innovation, Cybersecurity, and Technology (H) Committee regarding responses to such activities.

NAIC Support Staff: Kris DeFrain/Scott Sobel

Draft: 10/16/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Reaffirmed by the NAIC/Consumer Liaison Committee, Oct. 16, 2024*

## **2025 Proposed Mission Statement**

### **NAIC/CONSUMER LIAISON COMMITTEE**

The mission of the NAIC/Consumer Liaison Committee is to assist the NAIC in its mission to support state insurance regulation by providing consumer views on insurance regulatory issues. The Liaison Committee provides a forum for ongoing dialogue between NAIC members and NAIC consumer representatives. The Liaison Committee's activities in 2025 are closely aligned with the priorities of the NAIC/Consumer Participation Board of Trustees.

NAIC Support Staff: Lois E. Alexander

Draft: 10/15/24

*Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Reaffirmed by the NAIC/American Indian and Alaska Native Liaison Committee, Oct. 15, 2024*

## **2025 Proposed Mission Statement**

### **NAIC/AMERICAN INDIAN AND ALASKA NATIVE LIAISON COMMITTEE**

The mission of the NAIC/American Indian and Alaska Native Liaison Committee is to provide a forum for ongoing dialogue between NAIC Members and the American Indian and Alaska Native communities concerning insurance issues of common interest. Specifically, the Liaison Committee will provide a forum for an exchange of information and views on issues surrounding the availability of insurance for American Indian and Alaska Native consumers and tribal interests, an opportunity for American Indian and Alaska Native groups to bring insurance consumer protection issues to the attention of NAIC Members, and a dialogue on best practices for dealing with insurance issues unique to sovereign tribal nations.

NAIC Support Staff: Lois E. Alexander

Draft: 8/1/24

*Reaffirmed by the Executive (EX) Committee and Plenary, Dec. --, 2024*

*Reaffirmed by the Internal Administration (EX1) Subcommittee, Aug. 13, 2024*

*Reaffirmed by the Audit Committee, Aug. 1, 2024*

## **2025 Proposed Committee Charter**

### **AUDIT COMMITTEE**

1. The **Audit Committee** will:
  - A. Provide continuous audit oversight, including:
    - i. Provide an open avenue of communication between the independent auditor and the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee.
    - ii. Confirm and ensure the independence of the independent auditor.
    - iii. Inquire of management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk.
    - iv. Consider and review with the independent auditor:
      - a. Significant findings during the year, including the status of previous audit recommendations.
      - b. Any difficulties encountered during audit work, including any restrictions on the scope of activities or access to required information.
      - c. The adequacy of internal controls, including computerized information system controls and security, as documented in the Statement on Auditing Standards (SAS) 115 letter from the independent auditor.
      - d. Related findings and recommendations of the independent auditor with management's responses, as documented in the SAS 114 letter from the independent auditor.
    - v. Meet periodically with the independent auditor in separate executive sessions to discuss any matters the Committee believes should be discussed privately with the Committee.
    - vi. Report periodically to the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee on significant results of the foregoing activities.
    - vii. Instruct the independent auditor that the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee are the auditor's clients.
  - B. Provide continuous oversight of reporting policies, including:
    - i. Advise financial management and the independent auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
    - ii. Inquire as to the auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices.
    - iii. Inquire as to the auditor's views about whether management's choices of accounting principles are conservative, moderate, or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or minority practices.
    - iv. Inquire as to the auditor's views about how choices of accounting principles and disclosure practices may affect NAIC members, the insurance industry, and public views and attitudes.
  - C. Provide continuous oversight of financial management, including:
    - i. Review the monthly consolidated financial statements and receive regular reports from executive management on the financial operations of the association.
    - ii. Meet prior to, or at, each national meeting or more frequently, as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary.
    - iii. Report on significant results of the foregoing activities to the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee on a regular basis.

### **AUDIT COMMITTEE *(Continued)***

- D. Provide continuous oversight of the service advisory firm that conducts the Service Organization Control (SOC) 1 and SOC 2 reviews.
  - i. Receive annual audit reports provided by the service advisory firm.
  - ii. Instruct the independent service advisory firm that the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee are the auditor's clients.
- E. Conduct scheduled audit activities, including:
  - i. Recommend the selection of the independent auditor for approval by the Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, approve the compensation of the independent auditor, and review and approve the discharge of the independent auditor.
  - ii. Review annually the audit scope and plan of the independent auditor with management and the independent auditor, including:
    - a. The independent auditor's audit of the financial statements, accompanying footnotes, and its report thereon.
    - b. Any significant changes required in the independent auditor's audit plans.
    - c. Any difficulties or disputes with management encountered during the year under audit.
    - d. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards (GAAS).
  - iii. Arrange for the independent auditor to be available to the full Executive (EX) Committee and the Internal Administration (EX1) Subcommittee, as needed.
- F. Conduct other activities when necessary, including:
  - i. Review and approve needs-based funding allocations, as needed.
  - ii. Review and update the Committee charter on at least an annual basis.
  - iii. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
  - iv. Conduct and/or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.
  - v. Ensure that members of the Committee receive the appropriate orientation to the Committee and receive a copy of the policy manual.

NAIC Support Staff: Jim Woody